
FORM 18-K

For Foreign Governments and Political Subdivisions Thereof

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

ANNUAL REPORT

of

QUEENSLAND TREASURY CORPORATION

(registrant)

a Statutory Corporation of

THE STATE OF QUEENSLAND, AUSTRALIA

(co-registrant)

(Names of Registrants)

Date of end of last fiscal year:

June 30, 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 is being filed voluntarily by the registrant and co-registrant.

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

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

Frankie Carroll
Under Treasurer of the State of Queensland
Level 38, 1 William Street
Brisbane, Queensland 4000
Australia

THE REGISTRANT

The information set forth below is to be furnished:

1. In respect of each issue of securities of the registrant registered, a brief statement as to:
 - (a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.
No such modifications.
 - (b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.
No such provisions.
 - (c) The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.
No such failure.
2. A statement as of the close of the last fiscal year of the registrant giving the total outstanding of:
 - (a) Internal funded debt of the registrant. (Total to be stated in the currency of the registrant. If any internal funded debt is payable in a foreign currency it should not be included under paragraph (a), but under paragraph (b) of this item.)

The face value of internal funded debt of the registrant as of June 30, 2019 totaled AUD 88.27 billion. This represents all of the registrant's fixed and floating indebtedness issued within Australia.

- (b) External funded debt of the registrant. (Totals to be stated in the respective currencies in which payable. No statement need be furnished as to intergovernmental debt.)

As of June 30, 2019, the external funded debt of the registrant, excluding the net value of currency swaps and forwards contracts, was as follows (in millions):

	Face Value	
Repayable in United States dollars	USD	255
Repayable in Australian dollars	AUD	314
Repayable in New Zealand dollars	NZD	0
Repayable in Japanese yen	YEN	15,000
Repayable in Great British Pounds	GBP	0
Repayable in Euros	EUR	401
Repayable in Swiss francs	CHF	110

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

See Exhibit (d).

4. (a) As to each issue of securities of the registrant which is registered, there should be furnished a breakdown of the total amount outstanding, as shown in Item 3, into the following:
- (1) Total amount held by or for the account of the registrant.
Nil.
- (2) Total estimated amount held by nationals of the registrant (or if registrant is other than a national government, by the nationals of its national government); this estimate need be furnished only if it is practicable to do so.
Nil.
- (3) Total amount otherwise outstanding.
As of June 30, 2019, the registrant had no outstanding registered securities under the Global A\$ Bond Facility or the Medium-Term Note Facility.
- (b) If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the registrant to reacquire such securities.
Not applicable.
5. A statement as of the close of the last fiscal year of the registrant giving the estimated total of:
- (a) Internal floating indebtedness of the registrant. (Total to be stated in the currency of the registrant.)
Apart from the internal floating indebtedness noted in Exhibit (e) under “Public Debt—Outstanding Domestic Australian Dollar Indebtedness as at June 30, 2019”, as of June 30, 2019, the registrant had no internal floating indebtedness.
- (b) External floating indebtedness of the registrant. (Total to be stated in the respective currencies in which payable.)
Apart from the external floating indebtedness noted in Exhibit (e) under “Public Debt—Outstanding Offshore Indebtedness”, as of June 30, 2019, the registrant had no external floating indebtedness.
6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the registrant for each fiscal year of the registrant ended since the close of the latest fiscal year for which such information was previously reported. These statements should be itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.
Reference is made to the registrant’s Financial Statements and the notes thereto contained in the Consolidated Financial Statements of the registrant for the fiscal year ended June 30, 2019 filed herewith as Exhibit (c)(i).

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

THE CO-REGISTRANT

The information set forth below is to be furnished:

1. In respect of each issue of securities of the registrant registered, a brief statement as to:
 - (a) The general effect of any material modifications, not previously reported, of the rights of the holders of such securities.
No such modifications.
 - (b) The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.
No such provisions.
 - (c) The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.
No such failures.
2. A statement as of the close of the last fiscal year of the co-registrant giving the total outstanding of:
 - (a) Internal funded debt of the co-registrant. (Total to be stated in the currency of the co-registrant. If any internal funded debt is payable in a foreign currency it should not be included under paragraph (a), but under paragraph (b) of this item.)
The co-registrant's only direct indebtedness is that owed to the Commonwealth Government of Australia (the "Commonwealth"). As of June 30, 2019, the co-registrant had no direct internal funded debt. Public debt levels for the years 2014 to 2019 are detailed in the attached Exhibit (e).
 - (b) External funded debt of the co-registrant. (Totals to be stated in the respective currencies in which payable. No statement need be furnished as to intergovernmental debt.)
As of June 30, 2019, the co-registrant had no external funded debt other than the debt it guarantees, which is described in 2(b) of the registrant's statement.
3. A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of the co-registrant outstanding as of the close of the last fiscal year of the co-registrant.
Reference is made to listings of the debt outstanding to the Commonwealth and outstanding debt of other entities guaranteed by the co-registrant contained in the statement of the co-registrant's outstanding debt to the Commonwealth as of June 30, 2019 and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years attached as Exhibit (e).

4. (a) As to each issue of securities of the co-registrant which is registered, there should be furnished a breakdown of the total amount outstanding, as shown in Item 3, into the following:
- (1) Total amount held by or for the account of the co-registrant.
Not applicable.
- (2) Total estimated amount held by nationals of the co-registrant (or if co-registrant is other than a national government, by the nationals of its national government); this estimate need be furnished only if it is practicable to do so.
Not applicable.
- (3) Total amount otherwise outstanding.
Refer to 4(a)(3) of registrant's statement for registered securities guaranteed by co-registrant.
- (b) If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the co-registrant to reacquire such securities.
Not applicable.
5. A statement as of the close of the last fiscal year of the co-registrant giving the estimated total of:
- (a) Internal floating indebtedness of the co-registrant. (Total to be stated in the currency of the co-registrant.)
As at June 30, 2019, the co-registrant had no internal floating indebtedness, other than the debt it guarantees, which is described in 5(a) of the registrant's statement.
- (b) External floating indebtedness of the co-registrant. (Total to be stated in the respective currencies in which payable.)
As at June 30, 2019, the co-registrant had no external floating indebtedness, other than the debt it guarantees, which is described in 5(b) of the registrant's statement.
6. Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the co-registrant for each fiscal year of the co-registrant ended since the close of the latest fiscal year for which such information was previously reported. These statements should be itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.
Reference is made to the co-registrant's Consolidated Financial Statements for the fiscal year ended June 30, 2019, and the notes thereto filed herewith as Exhibit (c)(ii).
7. (a) If any foreign exchange control, not previously reported, has been established by the co-registrant (or if the co-registrant is other than a national government, by its national government), briefly describe the effect of any such action, not previously reported.
Not applicable.

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

Not applicable.

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

Not applicable.

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

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

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

Not applicable.

EXHIBITS

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

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

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

This annual report comprises:

(1) The cover page and pages numbered 2 to 12 consecutively.

(2) The following exhibits:

- Exhibit (a) - None.
- Exhibit (b) - None.
- Exhibit (c)(i) - Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2019.
- Exhibit (c)(ii) - Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2019.
- Exhibit (c)(iii) - Budget Papers of the Co-Registrant for 2019-20.
- Exhibit (c)(iv) - Report entitled "Queensland Budget 2019-20 Mid-Year Fiscal and Economic Review".
- Exhibit (c)(v) - Announcement entitled "QTC's 2019-20 borrowing program remains unchanged following the release of Queensland's MYFER".

Additional exhibits:

- Exhibit (d) - Securities of the Registrant Outstanding as of June 30, 2019.
- Exhibit (e) - Co-registrant's outstanding debt to the Commonwealth as of June 30, 2019, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.

- Exhibit (f) - Description of Queensland and Queensland Treasury Corporation.
- Exhibit (g) - The following consents:
- (1) Consent of Philip Noble, Chief Executive, Queensland Treasury Corporation.
 - (2) Consent of Gerard Bradley, Chairman, Queensland Treasury Corporation.
 - (3) Consent of Brendan Worrall, Auditor-General, State of Queensland.
 - (4) Consent of Karen Johnson, Acting Auditor-General, State of Queensland.

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at Brisbane, Australia, on the 10th day of February, 2020.

QUEENSLAND TREASURY CORPORATION

By: /s/ Philip Noble

Name: Mr. Philip Noble

Title: Chief Executive

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at Brisbane, Australia, on the 10th day of February, 2020.

GOVERNMENT OF QUEENSLAND

By: /s/ Frankie Carroll

on behalf of

Name: The Honourable Jackie Trad MP

Title: Treasurer

INDEX TO EXHIBITS

- Exhibit (a) - None.
- Exhibit (b) - None.
- [Exhibit \(c\)\(i\)](#) - Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2019.
- [Exhibit \(c\)\(ii\)](#) - Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2019.
- [Exhibit \(c\)\(iii\)](#) - Budget Papers of the Co-Registrant for 2019-20.
- [Exhibit \(c\)\(iv\)](#) - Report entitled “Queensland Budget 2019-20 Mid-Year Fiscal and Economic Review”.
- [Exhibit \(c\)\(v\)](#) - Announcement entitled “QTC’s 2019-20 borrowing program remains unchanged following the release of Queensland’s MYFER”.

Additional exhibits:

- [Exhibit \(d\)](#) - Securities of the Registrant Outstanding as of June 30, 2019.
- [Exhibit \(e\)](#) - Co-registrant’s outstanding debt to the Commonwealth as of June 30, 2019, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.
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 - (4) Consent of Karen Johnson, Acting Auditor-General, State of Queensland.

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

EXHIBIT (c)(i)

Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2019.

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;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

ANNUAL REPORT 2018–19



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30 August 2019

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

Dear Deputy Premier

I am pleased to present the Annual Report 2018-19 and financial statements for Queensland Treasury Corporation.

I certify that this Annual Report complies with:

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

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

Sincerely

A handwritten signature in black ink, appearing to read "Gerard Bradley".

Gerard Bradley
Chairman

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

QUEENSLAND TREASURY CORPORATION

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

VISION

Securing Queensland's financial success

MISSION

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

VALUES

Client focus

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

Team spirit

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

Excellence

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

Respect

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

Integrity

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

2019-23 STRATEGIC GOALS

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

ROLE AND RESPONSIBILITIES

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

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

Debt funding and management

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

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

Cash management facilities

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

Financial risk management advisory services

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

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

CHAIRMAN'S AND CHIEF EXECUTIVE'S REPORT

In 2018-19, Queensland Treasury Corporation (QTC) delivered significant whole-of-State and client benefits, funded the State's \$8 billion borrowing program, and realised an operating profit of \$126 million from its capital market operations.



GERARD BRADLEY
CHAIRMAN



PHILIP NOBLE
CHIEF EXECUTIVE

Funding the State

Strong investor demand for QTC's term debt issuance supported the early completion of QTC's 2018-19 borrowing program and enabled additional funding to be raised to offset future borrowing requirements.

QTC continued to maintain its reputation as a premium issuer with its investors through the high-quality execution of term debt issuance. Using the strength of its AA+ credit rating, QTC provided the market with diverse, liquid AUD benchmark bond lines complemented with issuance of non-benchmark term debt, including a green bond and a floating rate note.

Highlights of QTC's funding and financial risk management outcomes during the 2018-19 financial year included:

- early completion of the \$8 billion 2018-19 borrowing program, with an additional \$2 billion of pre-funding raised to reduce future borrowing programs
- raising a further \$2.4 billion towards the 2019-20 borrowing program, following its announcement on 11 June 2019
- extending QTC's maturity profile and reducing its refinancing risk through the issuance of more than \$9 billion of benchmark bonds – including a new 2029 maturity, \$1.25 billion into a new 2029 green bond line and \$1.7 billion into a new 2023 floating rate note, and
- achieving strong returns from QTC's Capital Guaranteed Cash Fund, which outperformed its benchmark and remains one of the largest managed funds in Australia with \$8.45 billion under management.

The State's borrowing requirement for new money is forecast to increase over the forward estimates to support large-scale infrastructure projects.

Operating results

In 2018-19, QTC recorded an operating profit after tax from its capital markets operations of \$126 million (2017-18: \$94 million), mainly attributable to earnings on capital, including net unrealised market value gains associated with the financial instruments on QTC's balance sheet.

Credit ratings

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

Value delivered for the State

In consultation with Queensland Treasury and State Government clients, QTC continued to prioritise advisory initiatives that provide maximum outcomes for the State. These initiatives assisted clients to manage financial risk and make informed business decisions, and included:

- assisting Metro North and Central Queensland hospital and health services to develop change programs to improve patient, staff and financial outcomes
- reviewing Stadium Queensland's pricing and practices to inform the Stadium Taskforce Report recommendations
- establishing an online wholesale foreign exchange facility for clients in partnership with a major national bank, to achieve efficiencies and savings for clients executing FX transactions
- supporting major policy initiatives, including CleanCo, to help put downward pressure on electricity prices, and FibreCo, to improve digital connectivity to regional Queenslanders, and
- assisting local governments with asset management improvement projects, waste management strategies and financial health assessments.

QTC also helped enhance financial capability across the public sector through its education partnership with the University of Queensland. During the year, more than 2,100 participants completed financial education courses. The overall average evaluation rating was nine out of 10.

Organisational excellence

QTC continued to foster an environment of organisational excellence and create opportunities for its people to deliver value for the State. This year saw a focus on systems, risk management and talent development, which has enhanced the efficiency and performance of QTC's operations — particularly its core funding and advisory business.

QTC's growth of an inclusive, diverse, flexible and high performance culture was recognised in the results of the organisation's 2019 culture survey, and through receiving a 'Transformational Culture Achievement' award from Human Synergistics, its culture survey provider. The results placed QTC close to the top 10% of organisations surveyed and confirmed that QTC employees have the opportunity and environment to deliver exceptional work for the State.

Changes to Board membership

Alison Rayner was appointed to the QTC Capital Markets Board as the Queensland Treasury representative on 19 July 2018. Neville Ide was appointed to the Board on 1 October 2018.

Positioned for ongoing success

QTC's achievements in the 2018-19 financial year have demonstrated significant performance outcomes against each of its three strategic goals — to deliver value to the State and its clients; to ensure access to sustainable funding; and to achieve organisational excellence — and provided measurable increases in organisational capability and efficiency.

With QTC's expert leadership team and talented employees, we are confident QTC will be able to contribute a significant, meaningful and tangible benefit to help secure the State's financial success in the 2019-20 financial year and beyond.



G P BRADLEY
Chairman
30 August 2019



P C NOBLE
Chief Executive
30 August 2019

CREATING VALUE FOR THE STATE AND CLIENTS

In 2018-19, Queensland Treasury Corporation (QTC) contributed significant, positive financial results for the State and its public sector entities through the delivery of financial advisory and project implementation services, high-quality debt and cash management products and specialist public finance education. Underpinning this success has been a continued focus on delivering whole-of-State outcomes by providing advice and identifying initiatives that enable clients to make better business decisions.

Financial advice for the State's public sector

In the year under review, QTC completed a broad range of financial advisory assignments to assist its clients and the State to address financial risk management issues and make informed business decisions. To enhance client outcomes, QTC partnered with experts to provide global best practice in innovation and service improvement. In consultation with Queensland Treasury and State Government clients, QTC continued to prioritise advisory initiatives that provide maximum outcomes for the State.

Highlights included:

- assisting Metro North and Central Queensland hospital and health services (HHS) develop a change program to improve patient, staff and financial outcomes
- reviewing Stadium Queensland's pricing and practices to inform the Stadium Taskforce Report recommendations, and
- establishing an online wholesale foreign exchange facility for clients in partnership with a major national bank.

QTC has increased its focus on supporting its clients to implement projects that deliver maximum value to the State in terms of risk reduction, increased revenue and cost reduction, and broader economic benefits. QTC supports its clients to implement significant change projects within their own environments and enhance their project delivery capability. To support this work, QTC has developed a repeatable and scalable project delivery methodology now used in a number of Government departments.

Advice supporting major policy initiatives

QTC provided advice supporting major policy initiatives, including the following:

- The establishment of CleanCo, the Government's clean energy generator that aims to put further downward pressure on electricity prices and encourage a reliable and affordable transition to renewables.
- The establishment of FibreCo, a new State-owned entity that will unlock spare capacity in thousands of kilometres of Government-owned cable and partner with the private sector to improve digital connectivity to regional Queenslanders and put downward pressure on wholesale prices.
- Strategic goals for Queensland's waste industry, including the introduction of the waste levy to grow the recycling and resource recovery sector and reduce the amount of waste in landfill.

Fostering strong relationships with local governments

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

- assisting a number of local governments to develop strategies and undertake procurement processes for alternative waste technologies as a result of the State's waste strategy
- asset management improvement projects, including detailed asset management roadmaps to improve local government asset management practices
- strategic financial reviews for a number of local councils, and
- diagnostic reviews to assist a number of councils to assess their financial and infrastructure health in a condensed timeframe.

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

- undertaking a 'regional perspectives' tour to engage with local governments in four key regions on emerging industries and economic opportunities
- delivering the Local Government Finance and Strategic Leadership Summit in partnership with the Local Government Association of Queensland with a professional development program tailored for local government leaders, and
- numerous regional site visits, in order to better understand regional economic opportunities and gain insights into the unique challenges of each region.

High quality debt and cash management products

QTC continued to provide low-cost loans and high-performing investment facilities throughout 2018-19.

Debt management

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

The rebalancing approach for Portfolio-Linked Loan clients was improved to provide clients with a smoother cost of debt, helping to avoid being impacted by short-term spikes in market rates.

QTC's assessment that recent changes to accounting standards do not apply to QTC's Portfolio-Linked Loans will ensure that it can continue to offer clients a high-level of flexibility in structuring their debt through this product, without incurring regular accounting gains or losses.

A successful restructure of a local council's debt facilities helped reduce operational risk and interest rate risk on approximately \$1.2 billion of debt.

QTC provided advice and modelling to inform Energy Queensland and the Government on the impact of low Commonwealth Government yields for its 2020 regulatory determination.

Cash management

QTC offers cash management products that enable its clients to maximise the value of their surplus funds. In 2018-19, QTC's Capital Guaranteed Cash Fund provided strong returns and outperformed its benchmark, the Bloomberg AusBond Bank Bill Index, by 76 basis points. The Cash Fund continues to offer flexibility by providing clients with same-day liquidity. At the end of 2018-19, it remained one of the largest managed funds in Australia with \$8.45 billion under management.

Asset management

Following consultation with Brisbane City Council (BCC) and the State Government — and with the industrial real estate market performing strongly — QTC sold the Eagle Farm bus depot to two Charter Hall funds.

Client access website portal

In 2018-19, QTC made a number of improvements to its online client transaction portal — QTC Link — to provide clients with more tools to manage their QTC-held facilities and to transact efficiently online.

Loans to clients

	TOTAL DEBT OUTSTANDING (MARKET VALUE) 30 JUNE 19 AS000	TOTAL DEBT OUTSTANDING (MARKET VALUE) 30 JUNE 18 AS000
General Government*	33 192 319	31 200 556
Energy	26 184 078	24 603 252
Water	14 867 575	13 891 586
Local governments	6 302 674	6 136 975
Transport	5 254 122	4 944 732
Education	829 207	731 388
Other	499 800	443 294
Total	87 129 775	81 951 783

* General Government includes Queensland Treasury and Arts Queensland.



CleanCo,
the Government's
clean energy
generator established



Savings across 1,800+
foreign exchange
transactions with
exclusive wholesale rates



\$8.45 billion
in funds under
management in
QTC's Cash Fund



Finance education
courses provided
to more than
2,100 participants

Education program

Through its partnership with The University of Queensland (UQ), QTC's education program continued to grow to meet increasing client demand with positive feedback. In 2018-19, the education program provided financial courses to more than 2,100 participants through a combination of workshops, masterclasses and webinars.

QTC is working collaboratively with Metro North HHS and the Department of Local Government, Racing and Multicultural Affairs to deliver targeted training for their organisations in 2019-20.

As part of a growing program new workshops including 'QTC Foreign Exchange', 'Project Decision Framework' and 'Asset Management Advanced' were also developed.

ACHIEVING SUSTAINABLE ACCESS TO FUNDING

In 2018-19, Queensland Treasury Corporation (QTC) raised \$8 billion of term debt to meet its annual funding requirement. QTC also undertook an additional \$2 billion pre-funding, reducing future borrowing programs. Following the announcement of the 2019-20 borrowing program on 11 June, QTC raised a further \$2.4 billion to 30 June 2019. During the year, QTC issued a new 2029 benchmark bond, a 2023 floating rate note and a 2029 green bond to further smooth and extend its maturity profile and diversify its investor base.



Issued more than \$9 billion of benchmark bonds, including one new benchmark bond maturing in 2029



Issued \$1.25 billion into a new 2029 green bond line



Issued \$1.7 billion into a new 2023 floating rate note



Strong liquid bond program with \$106 billion of QTC bonds traded in the secondary market

Meeting the State's funding requirements

QTC continued to maintain its reputation as a premium issuer with its investors, through the high-quality execution of term debt issuance, using the strength of its AA+ credit rating. QTC provided the market with diverse, liquid lines that resulted in approximately \$10 billion being successfully raised prior to the announcement of QTC's 2019-20 borrowing program for the Queensland Government's current and future borrowing and refinancing requirements.

The original estimated term debt requirement for 2018-19 was \$8 billion. This was unchanged following the Government's Mid-Year Fiscal and Economic Review, released in December 2018.

On 11 June 2019, QTC announced its indicative \$9.9 billion term debt borrowing requirement for the 2019-20 fiscal year.

QTC undertook a range of activities up to 30 June 2019 to complete its annual 2018-19 borrowing program, start the 2019-20 borrowing program and support its bonds in the market, including:

- issuing more than \$9 billion of benchmark bonds, including one new benchmark bond maturing in 2029
- issuing \$1.7 billion of a floating rate note maturing in 2023
- issuing \$1.25 billion of a new 2029 green bond, and
- issuing \$125 million into the 2047 bond, increasing this line to \$630 million.

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

Funding performance

QTC's proactive management of the borrowing program and the management of its client funding and balance sheet activities helped to smooth and extend its maturity profile and support QTC's bond spreads. Management of QTC's liquid assets, funding execution and balance sheet asset and liability management provided significant savings during 2018-19, while QTC's total debt outstanding as at 30 June 2019 was approximately \$90.5 billion.

QTC's issuance strategy continues to support its commitment to a diverse range of funding sources, complementing its core AUD benchmark bonds and offering investors flexibility in their investment options. This diversity has seen it use a variety of instruments in the past year, including bond maturities out to 30 years, a new green bond and a new floating rate note. Investor demand remained solid for QTC's primary issuance, with all public issuances oversubscribed.

The majority of QTC's 2018-19 term debt issuance was via its benchmark bond program, including a new 2029 benchmark bond, to meet investor demand for longer-term maturities with a committed group of banks providing secondary market liquidity. During the financial year, QTC issued approximately \$9.5 billion of AUD Benchmark bonds in gross terms across its 2025-2030 maturities.

QTC established a new 2023 floating rate note maturity to provide floating rate exposure for investors that have a specific need for this type of asset. QTC also issued a new 2029 green bond to meet ongoing investor demand for green assets and longer-term QTC bonds. Both of these issues provided QTC with competitively priced funding and contributed to diversifying QTC's investor base.

In June 2019, QTC received verification of its green bond eligible project pool of more than \$5.8 billion, with the addition of water infrastructure providing added diversity to the pool. These developments increase the scope and ability for future green bond issuance to support the State Government's focus on transitioning to a low-carbon economy.

QTC continued to focus on activities to expand its investor base, delivering an effective domestic and global investor relationship program during the year. QTC hosted a successful global investor conference in Brisbane in collaboration with a major bank partner. Open and transparent communication with current and future investors on Queensland's economy and funding program has kept the market fully-informed and will continue to be a focus. QTC also continued to regularly engage with both its Fixed Income Distribution Group and investors through its Funding and Markets Division.

Funding facilities

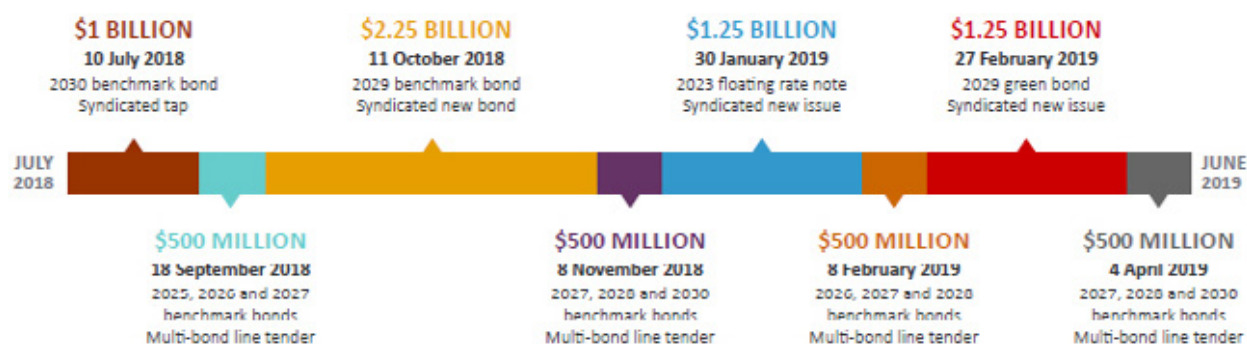
As at 30 June 2019

QTC has a diverse range of funding facilities in a variety of markets and currencies. The majority of QTC's funding is sourced through long-term debt facilities, with QTC's AUD benchmark bonds being the principal source of funding. As at 30 June 2019, QTC's total debt outstanding was approximately \$90.5 billion.

OVERVIEW AS AT 30 JUNE 2019		PROGRAM LIMIT (\$M)	MATURITIES	CURRENCIES
Short-term	Domestic T-Note	Unlimited	7–365 days	AUD
	Euro CP	USD10,000	1–364 days	Multi-currency
	US CP	USD10,000	1–270 days	USD
Long-term	AUD Bond	Unlimited	12 benchmark lines and a range of non-benchmark lines with various maturities*	AUD
	Euro MTN	USD10,000	Any maturity subject to market regulations	Multi-currency
	US MTN	USD10,000	9 months–30 years	Multi-currency

*See QTC's website for further details of bond lines.

2018-19 Public issuance



ACHIEVING ORGANISATIONAL EXCELLENCE

Queensland Treasury Corporation (QTC) is committed to maintaining high organisational standards to provide an environment where corporate goals can be achieved and organisational risks are actively monitored and addressed

Operational excellence

A sustained focus on the continual improvement of QTC's organisational capability has delivered improvements to systems, risk management and talent development. These improvements have optimised the foundation from which QTC's core funding and advisory business is delivered and are providing staff with the opportunity and the environment to maximise the delivery of real value to the State.

The introduction of a new governance, risk and compliance system has led to measurable and ongoing improvements in management across these areas; a new contract management system has improved the management of a diverse network of partners; and core system upgrades, together with a more sophisticated use of reporting tools, have improved efficiency, security, analysis and decision-making.

QTC's data-driven future is being enabled by a new comprehensive and scalable data strategy that supports its core business of managing financial risk for the State.

Corporate risk management and efficiency

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

QTC produces a risk appetite statement that sets the tone 'from the top' for risk management and establishes clear boundaries within which QTC's material risks are to be managed.

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

The outcome of the 2018-19 internal audit program was positive with 16 internal audits conducted and completed successfully.

Throughout 2018-19, QTC managed its portfolio market risk exposures, including interest rate, foreign exchange and counterparty risk, within its Board-approved risk management framework. QTC continues to hold a portfolio of diverse, liquid financial securities to meet the State's liquidity requirements, consistent with its internal and external policies.

High performance workforce

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

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

With an articulated commitment to our employees to enable ‘the best work of their careers’, key focus areas in 2018-19 have been on delivering against our leadership and professional development strategies in order to strengthen organisational capability and promote mobility. Key initiatives included:

- strategic workforce planning aligned to our organisational vision and strategy, and incorporating consideration of the future of work and impact of automation
- targeted leadership programs across all levels to develop the capabilities of leaders

- professional development opportunities, including in the areas of presentation and facilitation, project delivery, Power BI, meeting management and business writing
- project opportunities embedded within client organisations
- talent management and succession planning programs
- CEO Awards recognising individual employees and teams who exemplify QTC’s values, and
- culture and diversity programs.

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

Organisational Culture

QTC continues to grow an inclusive, diverse, flexible and high performance culture, which is reflected in the results of the 2019 culture survey. The 2019 culture survey returned very positive results that were recognised as ‘transformational’ by the Human Synergistics culture survey provider. When benchmarked against other organisations who have completed the Human Synergistics survey, QTC is close to the top 10 per cent of organisations.

QTC continues to cultivate a risk culture that ensures issues and risks in the business environment are anticipated and impacts for QTC and stakeholders are managed effectively. The Risk Culture Strategy for 2018-19 focussed on articulating expected behaviours and developing risk-based key performance indicators for all employees.

Diversity and wellbeing

QTC’s Inclusion and Diversity Strategy recognises that diversity of perspective and experience improves performance, manages risk and improves decision-making. In 2018-19, under the strategy’s priority streams of culture, family and community, and gender, QTC:

- amended policies to provide equal access to paid parental leave for working parents and extended leave provisions for employees affected by domestic violence or mental health issues
- continued the Stepping Stone partnership and the intern program with the Australian Network on Disability
- implemented a range of mental and physical health programs to support employee well-being, and
- raised awareness for inclusivity and diversity by supporting International Women’s Day, NAIDOC week, RUOK day, International Day for People with Disability, Queensland Mental Health Week and Chinese Lunar New Year.

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

QTC has a corporate health and wellbeing program that provides activities to promote physical and mental wellbeing.

Workforce profile 2018-19

Full-time equivalent staff (including fixed-term employees)	192.9
Permanent separation rate	12.1%
Permanent average tenure	6 years

CORPORATE GOVERNANCE

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

QTC and its Boards

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

- the Queensland Treasury Corporation Capital Markets Board (the Board), which was established in 1991 and manages all of QTC's operations except those relating to certain superannuation and other long-term assets, and
- the Long Term Asset Advisory Board, which was established in July 2008 and advised on certain superannuation and other long-term assets that were transferred to QTC from Queensland Treasury on 1 July 2008. From 2019–20 onwards, LTAAB has been reconstituted as the State Investment Advisory Board.

QTC Capital Markets Board

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

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

- overseeing QTC, including its control and accountability systems
- approving the strategic direction of QTC and significant corporate strategic initiatives

- approving key policies and corporate performance objectives
- developing, reviewing and monitoring the desired culture in which the organisation is expected to operate
- overseeing risk, including setting the risk appetite within which management is expected to operate
- assessing risks within the business, including reviewing, monitoring and evaluating the appropriateness and effectiveness of QTC's risk management system and internal control framework
- monitoring compliance with all relevant legal, tax and regulatory obligations
- providing input into and final approval of the annual budget as proposed by management
- approving financial and other reporting to the market and stakeholders
- monitoring of financial, operational and corporate performance against agreed outcomes
- monitoring and evaluating the performance of QTC's management and implementation of strategy and policies
- approving the remuneration framework
- appointing the Chief Executive, and
- overseeing executive management development and succession planning.

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

Board appointments

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

Conflict of interest

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

Performance and remuneration

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

Board committees

The Board has established three committees, each with its own charter, to assist it in overseeing and governing various QTC activities. The complete roles and responsibilities of each committee are outlined in the charters available on the QTC website.

Risk and Audit Committee

The Risk and Audit Committee, formerly the Accounts and Audit Committee until 11 February 2019, is responsible for:

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

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

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

QTC's Risk and Audit Committee has observed the terms of its charter and had due regard to the Queensland Treasury's Audit Committee Guidelines.

Human Resources Committee

The Human Resources Committee is responsible for:

- human resources-related key policies and compliance with relevant legislation
- the framework for remuneration and performance reviews
- the integrity and consistency of QTC's corporate culture
- succession planning for the executive management team, executive development and talent pipeline risks
- strategic workforce planning and operational resource planning, and
- overseeing people material risks.

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

Funding and Markets Committee

The core responsibilities of the Funding and Markets Committee are to assist the Board to fulfil its responsibilities relating to the performance and risk management of QTC's funding and markets activities. The Funding and Markets Committee is responsible for:

- funding and markets-related key policies and compliance with relevant legislation
- overseeing alignment of funding and markets activities with QTC's policies and risk appetite
- advising the Board on risk appetite, risk tolerance and risk mitigation strategies for funding and markets activities
- assessing QTC's ability to access suitable funding markets to meet the State's borrowing requirements and maintain appropriate levels of liquidity
- liquidity pool performance, and
- Cash Fund and Asset Liability Management Portfolio performance.

The Funding and Markets Committee must have at least three members and meet at least four times a year. The Funding and Markets Committee has observed the terms of its charter.

Meetings held

	BOARD	RISK AND AUDIT COMMITTEE	FUNDING AND MARKETS COMMITTEE	HUMAN RESOURCES COMMITTEE
Ordinary meetings held	9	5	4	4
Gerard Bradley	9	1	3	4
Tonianne Dwyer ¹	9	—	2	4
Neville Ide ²	6	2	1	—
Anne Parkin	9	5	—	4
Alison Rayner ³	6	3	—	—
Karen Smith-Pomeroy ⁴	9	5	—	1
Jim Stening	9	—	4	—

¹ Ms Dwyer was appointed to the Funding and Markets Committee effective 1 February 2019

² Mr Ide was appointed to the Board effective 1 October 2018, the Risk and Audit Committee effective 1 February 2019 and the Funding and Markets Committee effective 1 February 2019

³ Ms Rayner was appointed to the Board and the Risk and Audit Committee effective 19 July 2018

⁴ Ms Smith-Pomeroy was appointed to the Human Resources Committee effective 1 February 2019

QTC'S CAPITAL MARKETS BOARD as at 30 June 2019

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



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

Chairman

Appointed 10 May 2012
with tenure to 30 June 2020

Board Committees

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

Prior to his appointment as the Chairman of QTC's Board, Mr Bradley was the Under Treasurer and Under Secretary of the Queensland Treasury Department, a position he held from 1998 to 2012. He was also a QTC Board member from 2000-2007.

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

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



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

Appointed 14 February 2013
with tenure to 30 June 2020

Board Committees

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

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

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

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



NEVILLE IDE
BBUS (ACCTG), MCOMM
(ACCTG AND FIN), FCPA, FAICD

Appointed 1 October 2018
with tenure to 30 September 2021

Board Committees

- Member, Risk and Audit Committee
- Member, Funding and Markets Committee

Neville Ide has more than 40 years' experience in finance and treasury management having held executive roles in the government, finance and banking sectors, including Queensland Treasury Corporation for 12 years and as Group Treasurer at Suncorp Metway Limited.

His industry knowledge and experience covers banking, insurance, infrastructure and corporate treasury management, including debt and equity capital markets, balance sheet structuring and financial risk management.

Mr Ide has served as a non-executive director on a number of public and private company boards since 2006, including appointments to Queensland Motorways Limited, RACQ Insurance, RACQ Bank, Retech Technology Limited, SunWater Limited, and as a previous QTC Board member. He is currently a director of Qbank Limited.



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

Appointed 1 July 2016
with tenure to 30 September 2022

Board Committees

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

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

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

Ms Parkin is the former chair of a start-up company and a former non-executive director of both Credit Suisse Securities in Malaysia and the Philippines. She was also the executive director of the Hong Kong Control Committee responsible for oversight of operational risk for Credit Suisse Hong Kong and its affiliates, and the executive in charge of operational matters with local regulators, including the Hong Kong Monetary Authority and Hong Kong Securities & Futures Commission.



ALISON RAYNER
BBUS (ACC & FIN), GDIP ADV ACC

Appointed 19 July 2018 with
tenure to 30 June 2020

Board Committees

- Member, Risk and Audit Committee

Alison Rayner is Queensland Treasury's Deputy Under Treasurer, Economics and Fiscal Coordination. In this role, she is responsible for providing economic and fiscal advice, analysis and guidance to the government on matters of significance to the economic and fiscal performance of Queensland, particularly in relation to the State Budget, fiscal efficiency, economic policy, forecasting and reporting initiatives.

During her 20 years in government, Ms Rayner has held senior leadership roles working with Treasury's partner agencies to develop, fund and implement public policy, as well as key roles with responsibility for providing advice to Government and agencies on financial management matters and complex commercial transactions.

Ms Rayner is a Chartered Accountant who started her career in the private sector, initially working in the business and tax advisory services industry followed by several years in commercial banking, before joining government in 1998. She represents Queensland Treasury on the State Investment Advisory Board (formerly the Long Term Asset Advisory Board), and holds a Director position on the Queensland Rural and Industry Development Authority Board.



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

Appointed 9 July 2015
with tenure to 30 September 2022

Board Committees

- Chair, Risk and Audit Committee
- Member, Human Resources Committee

Karen Smith-Pomeroy is an experienced financial services senior executive with a specialty in risk and governance.

She held senior executive roles with Suncorp Group Limited from 1997 to 2014, including Chief Risk Officer Suncorp Bank from 2009 to 2013, and Executive Director, Suncorp Group subsidiary entities from 2009 to 2014. She has also held positions on a number of Boards and committees including CS Energy Limited and Tarong Energy Corporation Limited.

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



JIM STENING
DIPFINSERV, FAICD

Appointed 13 November 2014 with tenure
to 30 June 2020

Board Committees

- Chair, Funding and Markets Committee

Jim Stening has more than 30 years' experience in financial markets in the fixed income asset class, including hands-on trading and investing in Australian and global capital markets.

Mr Stening has extensive experience in debt markets, business development, executive management and corporate governance across a diverse range of economic cycles. He has held senior roles at NAB, Merrill Lynch and Banco Santander.

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

Long Term Asset Advisory Board

The Long Term Asset Advisory Board (LTAAB) was responsible for managing the long-term assets set aside to fund the superannuation and other long-term obligations of the State.

The LTAAB had power delegated from QTC to manage the sufficiency of funding for superannuation and insurance liabilities; set investment objectives and strategies for the assets held to meet those liabilities; determine the most appropriate investment structure, and monitor investment performance.

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

The members of LTAAB were:

<u>Name</u>	<u>Position</u>
Frankie Carroll*, Under Treasurer	Chairperson
Philip Noble, Chief Executive, QTC	Member
Wayne Cannon, State Actuary	Member
Alison Rayner, Deputy Under Treasurer, Economic and Fiscal Coordination	Member

* *The Chair of LTAAB is an ex-officio role. Jim Murphy was Chair from 1 July 2018 to 14 September 2018. Following Mr Murphy's departure, Mary-Anne Curtis was Chair until Frankie Carroll was appointed as the Under Treasurer from 11 February 2019.*

The LTAAB held three meetings in the year under review. The LTAAB fulfilled its role as identified in its charter during 2018-19.

Long Term Assets

Separate from QTC's capital markets operations, QTC holds a portfolio of assets that were transferred from the State Government in 2008 and were overseen by QTC's Long Term Asset Advisory Board during 2018-19. In return for the transfer of assets, QTC issued the State with fixed rate notes that provide a fixed rate of return. These assets fund the superannuation and other long-term obligations of the State and are held in trusts managed by Queensland Investment Corporation. Recent changes to Australian Accounting Standards have allowed both the financial assets and liabilities of the long term assets to be measured at fair value for the first time. This equal treatment recognises the direct relationship between the fixed rate notes and the long-term assets, and has resulted in a neutral accounting result for the long-term assets in the financial year. There is no cashflow generated from the long-term assets and no impact on QTC's capital markets activities or its ability to meet its obligations.

Auditors

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

All significant audit recommendations raised by the Queensland Audit Office during the reporting period were addressed.

The *Financial and Performance Management Standard 2009 (Qld)* governed the operation of QTC's internal audit function for the 2018-19 financial year. QTC outsourced its independent internal audit function to Ernst and Young (EY) for the 2018-19 financial year. Internal audit reports to the Risk and Audit Committee and is conducted under an Internal Audit Policy, consistent with the relevant audit and ethical standards. The role of internal audit is to support QTC's corporate governance framework by providing the Board (through the Risk and Audit Committee) with:

- assurance that QTC has effective, efficient and economical internal controls in place to support the achievement of its objectives, including the management of risk, and
- advice with respect to QTC's internal controls and business processes.

Internal audit is responsible for:

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

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

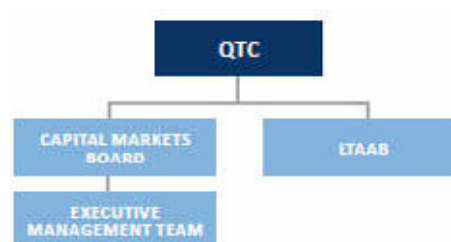
QTC has had due regard to Queensland Treasury's Audit Committee Guidelines, in establishing and supervising its outsourced internal audit function and, together with the Risk and Audit Committee, in overseeing and monitoring the internal audit function.

Management team

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

QTC's Executive Management Team as at 30 June 2019

Philip Noble	Chief Executive
Grant Bush	Deputy Chief Executive and Managing Director, Funding and Markets
Mark Girard	Managing Director, Client Advisory
Rupert Haywood	Managing Director, Corporate Services & Chief Risk Officer
Jane Keating	Managing Director, Finance, Data and Compliance



FINANCIAL STATEMENTS

For the year ended 30 June 2019

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Statement of comprehensive income
For the year ended 30 June 2019

	NOTE	2019 \$000	2018 \$000
CAPITAL MARKETS OPERATIONS			
Net gain/(loss) on financial instruments at fair value through profit or loss			
Gain on financial assets	3	8 806 820	3 333 057
Loss on financial liabilities	3	(8 677 303)	(3 239 917)
		129 517	93 140
Other income			
Fee income		78 061	82 915
Lease income		253	27 494
Gain on disposal of plant and machinery	7	1 398	—
		79 712	110 409
Expenses			
Administration expenses	4	(74 328)	(73 734)
Depreciation on leased assets	7	(113)	(21 282)
Loss on disposal of plant and machinery		—	(243)
		(74 441)	(95 259)
Profit from Capital Markets Operations before income tax			
		134 788	108 290
Income tax expense	5	(8 865)	(13 958)
Profit from Capital Markets Operations after income tax		125 923	94 332
LONG TERM ASSETS			
Net return from investments in Long Term Assets			
Net change in fair value of unit trusts		1 666 822	2 000 286
Interest on fixed rate notes		(1 879 573)	(2 095 376)
Net change in fair value of fixed rate notes		311 415	—
Management fees		(98 664)	(98 608)
Profit/(loss) from Long Term Assets		—	(193 698)
Total net profit/(loss) for the year after tax		125 923	(99 366)
Total comprehensive income/(loss) attributable to the owner		125 923	(99 366)
Total comprehensive income/(loss) derived from:			
Capital Markets Operations		125 923	94 332
Long Term Assets		—	(193 698)
Total comprehensive income/(loss)		125 923	(99 366)

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

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

Balance sheet
As at 30 June 2019

	NOTE	2019 \$000	2018 \$000
ASSETS – CAPITAL MARKETS OPERATIONS			
Cash and cash equivalents	6	1 577 139	640 668
Receivables		6 709	7 484
Assets held for sale	7	49	59 385
Financial assets at fair value through profit or loss	8	21 175 900	20 528 480
Derivative financial assets	9	289 989	130 115
Onlendings	10	87 129 775	81 951 783
Property, plant and equipment	14	3 942	4 585
Intangible assets		14 968	17 051
Deferred tax asset		4 524	4 695
		110 202 995	103 344 246
ASSETS – LONG TERM ASSETS			
Financial assets at fair value through profit or loss	16	29 345 910	30 487 950
		29 345 910	30 487 950
Total Assets		139 548 905	133 832 196
LIABILITIES – CAPITAL MARKETS OPERATIONS			
Payables		24 331	29 551
Derivative financial liabilities	9	398 872	95 210
Financial liabilities at fair value through profit or loss			
- Interest-bearing liabilities	11(a)	102 012 672	96 532 449
- Deposits	11(b)	7 183 040	6 213 544
Other liabilities		74 224	39 559
		109 693 139	102 910 313
LIABILITIES – LONG TERM ASSETS			
Financial liabilities at fair value through profit or loss	16	29 345 910	—
Financial liabilities at amortised cost	16	—	29 766 334
		29 345 910	29 766 334
Total Liabilities		139 039 049	132 676 647
NET ASSETS ⁽¹⁾		509 856	1 155 549
EQUITY – CAPITAL MARKETS OPERATIONS			
Retained surplus		509 856	433 933
		509 856	433 933
EQUITY – LONG TERM ASSETS			
Retained surplus		—	721 616
		—	721 616
Total Equity		509 856	1 155 549

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

⁽¹⁾ Due to a change in accounting policy (refer to note 2(a)) the net assets position in the current year represents the net assets of the Capital Markets Operations segment as the net assets of the Long Term Assets (LTA) segment is nil. The liabilities in the LTA segment are now fair valued, removing the accounting mismatch between the assets and liabilities that previously existed. As a result, the LTA segment will no longer contribute to QTC's net asset position.

Statement of changes in equity
For the year ended 30 June 2019

	<u>NOTE</u>	<u>CAPITAL MARKETS OPERATIONS RETAINED SURPLUS \$000</u>	<u>LONG TERM ASSETS RETAINED SURPLUS \$000</u>	<u>TOTAL EQUITY \$000</u>
Balance at 1 July 2017		339 601	915 314	1 254 915
Profit for the year		94 332	(193 698)	(99 366)
Balance at 30 June 2018		433 933	721 616	1 155 549
Balance at 1 July 2018		433 933	721 616	1 155 549
Net effect of changes in accounting policies	2(a)	—	(721 616)	(721 616)
Profit for the year		125 923	—	125 923
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	24	(50 000)	—	(50 000)
Balance at 30 June 2019		509 856	—	509 856

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

Statement of cash flows
For the year ended 30 June 2019

	NOTE	2019 \$000	2018 \$000
CAPITAL MARKETS OPERATIONS			
Cash flows from operating activities			
Interest received from onlendings		3 338 472	3 499 874
Interest received from investments and other sources		752 084	689 971
Fees received		78 059	87 494
Net GST		(463)	(25)
Interest paid on interest-bearing liabilities		(4 304 482)	(4 257 305)
Interest paid on deposits		(169 947)	(192 704)
Administration expenses paid		(70 375)	(77 444)
Income tax paid		(15 944)	(13 538)
Net cash used in operating activities	15(a)	(392 596)	(263 677)
Cash flows from investing activities			
Proceeds from sale of investments		48 862 702	48 538 404
Payments for investments		(49 456 035)	(49 831 212)
Net client onlendings		(535 943)	2 326 299
Proceeds from (payment)/sale of intangibles		(8)	46
Proceeds from sale of property, plant and equipment		60 621	11 189
Payments for property, plant and equipment		(29)	(1 074)
Net cash (used in)/provided by investing activities		(1 068 692)	1 043 652
Cash flows from financing activities			
Proceeds from interest-bearing liabilities		54 086 609	53 165 066
Repayment of interest-bearing liabilities		(52 608 312)	(53 762 986)
Net client deposits		969 462	(1 166 155)
Dividends paid		(50 000)	(500 000)
Net cash provided by/(used in) financing activities	15(b)	2 397 759	(2 264 075)
Net increase/(decrease) in cash and cash equivalents held		936 471	(1 484 100)
Cash and cash equivalents at 1 July		640 668	2 124 768
Cash and cash equivalents at 30 June	6	1 577 139	640 668

LONG TERM ASSETS

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

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

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1 General information

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

Capital Markets Operations

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

These services are undertaken on a cost-recovery basis with QTC lending at an interest rate based on its cost of funds and passing the benefits/costs of liability management onto Queensland Treasury. QTC passes on the returns of asset management to its clients and retains unrealised gains/losses associated with credit spread movements on its balance sheet until the sale of the asset or its maturity. QTC's capital markets activities can also generate a profit or loss largely reflecting the net return on financial markets instruments held by QTC for capital and liquidity purposes. In undertaking these activities, QTC maintains adequate capital to manage its risks having regard to its Capital Adequacy Policy.

Long Term Assets

QTC holds a portfolio of assets which were transferred to QTC by the State Government. These assets are held to fund superannuation and other long-term obligations of the State. The Long Term Assets are held in unit trusts managed by QIC Limited (QIC). In return, QTC has issued the State fixed rate notes with an interest rate of 6.5 per cent (2018: 7.0 per cent) on the book value of the notes. Recognising the direct relationship between the fixed rate notes and the Long Term Assets, any difference between the return paid by QTC on the fixed rate note and the return received by QTC on the Long Term Assets, is recognised in the financial statements annually as a market value adjustment.

In 2018-19, Long Term Assets Advisory Board (LTAAB) was responsible for the oversight of the Long Term Assets, which do not form part of QTC's day-to-day Capital Markets Operations. Refer to note 25 for LTAAB arrangements relating to periods after 2018-19.

Notes to the Financial Statements
For the year ended 30 June 2019

2 Significant accounting policies and other explanatory information

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

(a) Basis of preparation

These general purpose financial statements for the year ended 30 June 2019 have been prepared in accordance with Australian Accounting Standards (AASB) and interpretations adopted by the Australian Accounting Standards Board, the Financial Accountability Act 2009, the Financial and Performance Management Standard 2009, and the Financial Reporting Requirements for Queensland Government Agencies (as applicable to statutory bodies).

Compliance with International Financial Reporting Standards

QTC's financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. QTC has elected to comply with the requirements of IFRS as if it is a for-profit entity.

Changes in accounting policy, disclosures, standards and interpretations

New accounting standards

All new and amended accounting standards effective for the financial year have been adopted by both the Capital Markets Operations segment and the Long Term Assets segment.

This year QTC has applied *AASB 15 Revenue from Contracts with Customers* and *AASB 9 Financial Instruments* (which replaced AASB 139 Financial Instruments: Recognition and Measurement) for the first time.

Capital Markets Operations

AASB 15 Revenue from Contracts with Customers – AASB 15 contains principles that entities should apply to determine the amount and timing of revenue recognition. AASB 15 explicitly excludes income from financial instruments which apply the requirements of AASB 9 *Financial Instruments*. QTC has applied the requirements of AASB 15 to fee income from the provision of onlendings, cash management services, guarantees and the provision of advice to clients. Under AASB 15 fee revenue is recognised over time as per client mandates and performance obligations pursuant to advisory engagements. This is consistent with revenue recognition applied by QTC under previous accounting standard requirements.

AASB 9 Financial Instruments – Under AASB 9 QTC has continued its practice of measuring the majority of the financial instruments of QTC's Capital Markets Operations at fair value through profit or loss (FVTPL). Other financial assets, such as receivables, continue to be measured at amortised cost. For assets not measured at FVTPL, AASB 9 requires entities to assess whether the financial assets are impaired at the end of each reporting period. AASB 9 introduces a new 'expected credit loss' (ECL) provision model for determining impairment losses for financial assets which results in earlier recognition of losses than the existing standard. A loss allowance is measured at initial recognition and throughout the life of the financial asset at an amount equal to the lifetime ECL.

For QTC, application of the ECL model is only relevant for assessing the value of trade receivables or contract assets that do not contain a significant financing component. QTC has adopted an ECL model substantially in line with the Queensland Government Treasury Policy and has applied this to aged debtors at the end of each reporting period (refer to note 2(1)).

Long Term Assets

AASB 9 Financial Instruments – The application of AASB 9 does not change the current practice of measuring changes in the financial assets of the Long Term Assets segment through profit or loss.

However, in adopting AASB 9, QTC has elected to designate the fixed rate notes as financial liabilities measured at FVTPL. Previously, the fixed rate notes were measured at amortised cost.

The designation of the fixed rate notes as financial liabilities measured at FVTPL was made to eliminate or significantly reduce a previous accounting mismatch between the value of the financial assets and the value of the financial liabilities in the Long Term Assets segment. This is considered a more appropriate basis for reporting the value of the fixed rate note given the relationship between the fixed rate note and the Long Term Assets (refer Note 16).

In applying the transitional requirements of AASB 9, comparative information has not been restated. Instead, retained earnings were adjusted for the difference between the amortised cost and fair value of the fixed rate notes, as at 1 July 2018.

The table below identifies the adjustments made on the initial application of AASB 9 to the Long Term Assets segment.

	ORIGINAL CLASSIFICATION UNDER AASB 139	NEW CLASSIFICATION UNDER AASB 9	ORIGINAL CARRYING AMOUNT UNDER AASB 139 \$000	NEW CARRYING AMOUNT UNDER AASB 9 \$000	RETAINED EARNINGS ADJUSTMENT \$000
Financial assets					
Investments in unit trusts and other holdings - QIC	FVTPL	FVTPL	30 487 950	30 487 950	—
Total financial assets			30 487 950	30 487 950	—
Financial liabilities					
Fixed rate notes	Amortised Cost	FVTPL	29 766 334	30 487 950	721 616
Total financial liabilities			29 766 334	30 487 950	721 616

2 Significant accounting policies and other explanatory information continued

(a) Basis of preparation continued

Standards and interpretations not yet adopted

Certain new accounting standards have been issued that are not mandatory for the current reporting period. Application of these standards is mandatory for annual reporting periods starting from 1 January 2019 onwards. For QTC this will be the 2019-20 financial year. The Corporation's assessment of the impact of material changes from these standards is set out below.

Other than as noted below, the adoption of Australian Accounting Standards and Interpretations issued but not yet effective are not expected to have a material impact on the QTC's financial statements, however they may result in minor changes to how information is currently disclosed.

AASB 16 Leases – The application of AASB 16 is effective for annual periods beginning on or after 1 January 2019. The new standard will change the accounting by lessees and result in the recognition of almost all leases on the balance sheet. For lessees, the standard requires the recognition of a right to use asset and a liability for the present value of future lease commitments. This will result in the current lease for QTC's principal office at 111 Eagle Street and car parking leases being recognised on-balance sheet. The present value of the current leasing commitments that will be added to the Balance Sheet (both as an asset and liability) is \$11.7 million. For leases where QTC is the lessor, the standard remains substantially unchanged and QTC will continue to distinguish between operating and finance leases.

AASB 16 allows a cumulative approach rather than a full retrospective application to recognising existing operating leases. QTC has elected to adopt the cumulative approach meaning it will not need to restate comparative information. Instead the effect of applying the standard for the first time will be recognised as an adjustment to the opening balance of the retained surplus balance at the date of initial application.

Basis of measurement

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

Functional and presentation currency

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

Classification of assets and liabilities

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

(b) Foreign currency

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

(c) Collateral

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

(d) Financial assets and liabilities

Financial assets on initial recognition are classified at fair value through profit or loss and include:

- Cash and cash equivalents
- Financial assets at fair value through profit or loss
- Derivative financial instruments, and
- Onlendings

Financial liabilities are measured at fair value through profit or loss and include:

- Interest-bearing liabilities, and
- Deposits

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

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

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

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

(e) Offsetting financial instruments

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

(f) Repurchase agreements

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

(g) Lease income

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

2 Significant accounting policies and other explanatory information continued

(h) Fee income

Fee income includes:

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

(i) Profits/losses

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

(j) Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date. Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Other debtors generally arise from transactions outside the usual operating activities of the corporation and are recognised at their assessed values with terms and conditions similar to trade debtors.

(k) Intangible assets

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

(l) Impairment

Receivables: The loss allowance for trade and other debtors reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the Corporation's debtors and relevant industry data form part of the Corporation's impairment assessment. No loss allowance is recorded for receivables from Queensland Government agencies or Australian Government agencies on the basis of materiality.

Where there is 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. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

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

(m) Employee benefits

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

(n) Rounding

Amounts have been rounded to the nearest thousand dollars except as otherwise stated.

(o) Comparative figures

No material adjustments have been made to prior year comparatives.

(p) Judgements and assumptions

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

Fair value of financial assets and financial liabilities

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

Judgement may be needed in selecting valuation methods or assumptions where an active market quote is not available (refer notes 13 and 18).

Investments in Queensland Treasury Holdings Pty Ltd (QTH)

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

Notes to the Financial Statements
Capital Markets Operations
For the year ended 30 June 2019

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

Accounting Policy

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

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

	2019 \$000	2018 \$000
Net gain on financial assets at fair value through profit or loss		
Cash and cash equivalents	12 866	13 255
Financial assets at fair value through profit or loss	780 530	487 326
Derivatives	67 997	127 260
Onlendings	7 945 427	2 705 216
	<u>8 806 820</u>	<u>3 333 057</u>
Net loss on financial liabilities at fair value through profit or loss		
Financial liabilities at fair value through profit or loss		
- Short-term	(167 142)	(156 987)
- Long-term	(7 855 728)	(2 739 881)
Deposits	(170 417)	(191 600)
Derivatives	(467 602)	(135 499)
Other	(16 414)	(15 950)
	<u>(8 677 303)</u>	<u>(3 239 917)</u>

During the financial year long term yields fell, resulting in a significant increase in market values which added to the interest income generated on financial assets and interest expense incurred on financial liabilities. In contrast, during the prior financial year yields remained relatively stable, resulting in a modest increase in the market value of financial assets and liabilities for that year.

4 Administration expenses

	2019 \$000	2018 \$000
Salaries and related costs	41 422	38 669
Superannuation contributions	3 450	3 395
Contractors	2 000	542
Consultants' fees	3 917	6 837
Information and registry services	2 972	2 773
Depreciation on property, plant and equipment	673	973
Amortisation and impairment on intangible assets	2 092	2 092
Office occupancy	3 302	3 252
Information and communication technology	9 737	10 341
Other administration expenses	4 763	4 860
	<u>74 328</u>	<u>73 734</u>

Notes to the Financial Statements
Capital Markets Operations
For the year ended 30 June 2019

5 Income tax expense

Accounting Policy

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

	2019 \$000	2018 \$000
Current tax	8 638	15 943
Deferred tax expense/(income)	227	(1 985)
Total income tax expense recognised in the year	8 865	13 958
Numerical reconciliation between income tax expense and pre-tax accounting profit		
Profit/(Loss) for the year before tax	134 788	(85 408)
Less profits/(losses) from non-taxable portfolios:		
- Capital Markets Operations	105 303	61 773
- Long Term Assets	—	(193 698)
Operating profit from taxable portfolios	29 485	46 517
Tax at the Australian tax rate of 30% on taxable portfolios	8 846	13 955
Effect of non-deductible items	19	3
Income tax expense	8 865	13 958

6 Cash and cash equivalents

Accounting Policy

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

	2019 \$000	2018 \$000
Cash at bank ⁽¹⁾	1 577 139	42
Money market deposits	—	640 626
	1 577 139	640 668

⁽¹⁾ From August 2018 cash at bank has been used to invest short term funds to facilitate daily liquidity. This change was due to operational changes within the domestic overnight 11am cash market.

7 Assets held for sale

Accounting Policy

Non-current assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months. Non-current assets are classified as assets held for sale and reported at their net carrying amount. Any subsequent increase or decrease in fair value less costs to sell is recognised in the statement of comprehensive income. Depreciation rates are as follows:

Asset class	Depreciation rate
Plant and machinery	10 – 30%

Set out below are reconciliations of the carrying amounts for plant and machinery that were available for sale at balance date. In the current year this consists of a street sweeper and the prior year included buses and ferries which QTC leased to local government sector entities under a whole of government operating lease facility which were sold on 2 July 2018. The gain on sale on this transaction was \$1.4 million.

	2019 \$000	2018 \$000
Cost at balance date	245	166 167
Accumulated depreciation and impairment	(196)	(106 782)
Net carrying amount	49	59 385
Movement		
Net carrying amount at beginning of year	59 385	92 101
Disposals	(59 223)	(11 434)
Depreciation expense	(113)	(21 282)
Net carrying amount at end of year	49	59 385

Notes to the Financial Statements
Capital Markets Operations
For the year ended 30 June 2019

8 Financial assets at fair value through profit or loss

	2019 \$000	2018 \$000
Discount securities	6 492 812	4 948 971
Commonwealth and state securities ⁽¹⁾	1 665 784	1 384 150
Floating rate notes	8 227 251	8 245 590
Term deposits	3 265 525	4 952 090
Other investments	1 524 528	997 679
	<u>21 175 900</u>	<u>20 528 480</u>

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

As at 30 June 2019: \$9,844.2 million (2018: \$8,033.6 million) of financial assets will mature after 12 months.

9 Derivative financial assets and derivative financial liabilities

Accounting Policy

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

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

	2019 \$000	2018 \$000
Derivative financial assets		
Interest rate swaps	204 482	38 614
Cross currency swaps	70 087	31 035
Foreign exchange contracts	7 673	47 047
Futures contracts	7 747	13 419
	<u>289 989</u>	<u>130 115</u>
Derivative financial liabilities		
Interest rate swaps	(355 569)	(31 635)
Cross currency swaps	(27 345)	(20 104)
Foreign exchange contracts	(1 830)	(2 287)
Futures contracts	(14 128)	(41 184)
	<u>(398 872)</u>	<u>(95 210)</u>
Net derivatives	<u>(108 883)</u>	<u>34 905</u>

As at 30 June 2019, derivatives with a net liability position of \$124.0 million have maturity dates exceeding 12 months (2018: net asset position of \$15.3 million).

Notes to the Financial Statements
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10 Onlendings

Accounting Policy

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

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

	2019 \$000	2018 \$000
Government departments and agencies	33 382 054	31 382 607
Government owned corporations	27 666 064	26 006 139
Statutory bodies	19 367 116	18 017 825
Local governments	6 302 676	6 136 975
QTC related entities ⁽¹⁾	112 961	121 626
Other bodies	298 904	286 611
	<u>87 129 775</u>	<u>81 951 783</u>

⁽¹⁾ QTC related entities includes DBCT Holdings Pty Ltd

At 30 June 2019, client deposits of \$4.5 billion have been placed in redraw facilities and offset the value of onlendings in the balance sheet (2018: \$4.6 billion). The gross value of onlendings at 30 June 2019 was \$91.6 billion (2018: \$86.6 billion).

As at 30 June 2019: \$86,209.3 million (2018: \$81,628.9 million) of repayments are expected to be received after 12 months.

11 Financial liabilities at fair value through profit or loss

(a) Interest-bearing liabilities

Interest-bearing liabilities mainly consist of short-term treasury notes, Australian bonds and floating rate notes. Australian bonds include QTC's domestic, capital indexed and public bonds.

	2019 \$000	2018 \$000
Interest-bearing liabilities		
Short-term		
Treasury notes	5 010 470	4 244 895
Commercial paper	676 157	1 165 092
	<u>5 686 627</u>	<u>5 409 987</u>
Long-term		
AUD Bonds	91 134 633	85 766 730
Floating rate notes	3 608 199	4 009 753
Medium-term notes	1 237 416	1 021 030
Other	345 797	324 949
	<u>96 326 045</u>	<u>91 122 462</u>
Total interest-bearing liabilities	<u>102 012 672</u>	<u>96 532 449</u>

QTC borrowings are guaranteed by the Queensland Government under the *Queensland Treasury Corporation Act 1988*. As at 30 June 2019: \$87,886.3 million (2018: \$81,328.6 million) of debt securities are expected to be settled after more than 12 months.

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

Notes to the Financial Statements
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For the year ended 30 June 2019

11 Financial liabilities at fair value through profit or loss continued

(a) Interest-bearing liabilities continued

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

<u>AS AT 30 JUNE 2019</u>	<u>FAIR VALUE</u>	<u>REPAYMENT</u>	<u>DIFFERENCE</u>
	<u>\$000</u>	<u>AT MATURITY</u>	<u>\$000</u>
		<u>\$000</u>	<u>\$000</u>
Interest-bearing liabilities			
Short-term			
Treasury notes	5 010 470	5 020 000	(9 530)
Commercial paper	676 157	677 517	(1 360)
	<u>5 686 627</u>	<u>5 697 517</u>	<u>(10 890)</u>
Long-term			
AUD Bonds	91 134 633	79 312 983	11 821 650
Floating rate notes	3 608 199	3 600 000	8 199
Medium-term notes	1 237 416	1 009 641	227 775
Other	345 797	337 331	8 466
	<u>96 326 045</u>	<u>84 259 955</u>	<u>12 066 090</u>
Total interest-bearing liabilities	<u>102 012 672</u>	<u>89 957 472</u>	<u>12 055 200</u>
<u>AS AT 30 JUNE 2018</u>	<u>FAIR VALUE</u>	<u>REPAYMENT</u>	<u>DIFFERENCE</u>
	<u>\$000</u>	<u>AT MATURITY</u>	<u>\$000</u>
		<u>\$000</u>	<u>\$000</u>
Interest-bearing liabilities			
Short-term			
Treasury notes	4 244 895	4 255 000	(10 105)
Commercial paper	1 165 092	1 167 841	(2 749)
	<u>5 409 987</u>	<u>5 422 841</u>	<u>(12 854)</u>
Long-term			
AUD Bonds	85 766 730	77 940 564	7 826 166
Floating rate notes	4 009 753	4 000 000	9 753
Medium-term notes	1 021 030	964 587	56 443
Other	324 949	323 888	1 061
	<u>91 122 462</u>	<u>83 229 039</u>	<u>7 893 423</u>
Total interest-bearing liabilities	<u>96 532 449</u>	<u>88 651 880</u>	<u>7 880 569</u>

Notes to the Financial Statements
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For the year ended 30 June 2019

11 Financial liabilities at fair value through profit or loss continued

(b) Deposits

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

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

	2019 \$000	2018 \$000
Client deposits		
Local governments	3 529 042	2 549 851
Statutory bodies	2 663 595	2 706 450
Government departments and agencies	583 216	73 233
Government owned corporations	96 161	83 376
QTC related entities ⁽¹⁾	93 747	83 172
Other depositors	166 018	173 671
	7 131 779	5 669 753
Collateral held	51 261	72 860
Repurchase agreements	—	470 931
	51 261	543 791
Total deposits	7 183 040	6 213 544

⁽¹⁾ QTC related entities includes Queensland Treasury Holdings Pty Ltd and its subsidiaries Brisbane Port Holdings Pty Ltd, DBCT Holdings Pty Ltd and Queensland Lottery Corporation Pty Ltd.

As at 30 June 2019: \$7,072.4 million (2018: \$5,616.0 million) will mature within 12 months.

12 Financial risk management

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

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

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

QTC ensures that in undertaking its capital markets activities it has regard to its Capital Adequacy Policy. QTC has no legal, regulatory or accounting requirement to hold capital however, its Capital Adequacy Policy sets out how QTC should manage its capital to support its business activities and risk profile. QTC's Capital Adequacy Policy uses a stress scenario to determine the level of capital that should be held to cover funding, liquidity, market, credit and operational risks. This level of capital is known as Optimal Capital. Optimal Capital is calculated and regularly compared to QTC's actual capital, with reports presented to management and the Board.

(a) Market risk

Market risk is the risk of incurring losses in positions arising from adverse movements in financial market prices. QTC is exposed to market risk in the form of foreign exchange risk and interest rate risk. QTC's exposure to market risk is through its borrowing and investment activities. This includes borrowing in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans.

As a consequence of market price movements, there are residual risk positions which may result in realised and unrealised accounting gains or losses being recorded during the year. Depending on whether these transactions are held to maturity, the unrealised gains or losses may be reversed in subsequent accounting periods.

Notes to the Financial Statements
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For the year ended 30 June 2019

12 Financial risk management continued

(a) Market risk continued

(i) Foreign exchange risk

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

	BORROWINGS		OFFSHORE INVESTMENTS		DERIVATIVE CONTRACTS		NET EXPOSURE	
	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000	2019 \$000	2018 \$000
USD	(363 517)	(927 228)	389 833	424 185	(26 316)	503 043	—	—
GBP	—	(230 613)	—	—	—	230 613	—	—
CHF	(160 821)	(149 701)	—	—	160 821	149 701	—	—
JPY	(198 559)	(183 492)	—	—	198 559	183 492	—	—
EUR	(650 261)	(631 496)	—	—	650 261	631 496	—	—

(ii) Interest rate risk

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

Client deposits into the QTC Cash Fund are invested on behalf of clients and returns received from these investments are passed onto QTC's clients with the exception of mark-to-market gains or losses from credit spread movements. QTC generally holds these investments to maturity and therefore any mark-to-market impacts from credit margin changes are typically reversed over the life of the assets.

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

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

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

VaR impact

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

INTEREST RATE RISK VAR	2019 ⁽¹⁾	2018
	\$M	\$M
As at 30 June	17	11
Average for the year	23	14
Financial year - minimum	15	11
Financial year - maximum	53	24

⁽¹⁾ The VaR calculation for the 2019 year now includes the potential mark-to-market impact of changes in credit spreads on the value of assets held in the QTC Cash Fund.

Notes to the Financial Statements
Capital Markets Operations
For the year ended 30 June 2019

12 Financial risk management continued

(b) Liquidity and financing risks

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

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

QTC holds appropriate liquidity (allowing for suitable haircuts of liquid assets) to meet minimum liquidity requirements as estimated today and as forecast into the future. QTC measures the minimum liquidity requirement to comfortably meet the following scenarios simultaneously (these are reviewed at a minimum on an annual basis to ensure relevance):

- Standard & Poor's Liquidity Ratio – maintaining a ratio of liquid assets over debt servicing requirements over next 12 months that provides the maximum benefit for Queensland's liquidity assessment
- Liquidity forecast – maintaining a minimum forecast liquidity balance over any pending 12 month period
- Daily cash balances – maintaining minimum net cash requirements in cash at bank, RBA repo eligible securities and Negotiable Certificates of Deposits to fund the net cash flows from assets and liabilities on QTC's balance sheet over a short term horizon.

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

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

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

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

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

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

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

CONTRACTUAL MATURITIES AS AT 30 JUNE 2019	3 MONTHS OR LESS \$000	3 - 6 MONTHS \$000	6 - 12 MONTHS \$000	1 - 5 YEARS \$000	MORE THAN 5 YEARS \$000	TOTAL \$000	FAIR VALUE \$000
Financial assets							
Cash and cash equivalents	1 577 139	—	—	—	—	1 577 139	1 577 139
Receivables	6 709	—	—	—	—	6 709	6 709
Onlendings ⁽¹⁾	1 058 432	1 177 372	1 468 018	14 632 239	74 038 140	92 374 201	87 129 775
Financial assets at fair value through profit or loss	2 968 764	8 274 482	3 936 258	13 548 190	1 561 012	30 288 706	21 175 900
Total financial assets	5 611 044	9 451 854	5 404 276	28 180 429	75 599 152	124 246 755	109 889 523
Financial liabilities							
Payables	(24 331)	—	—	—	—	(24 331)	(24 331)
Deposits	(6 816 861)	(22 134)	(4 298)	(8 199)	(96 192)	(6 947 684)	(7 183 040)
Financial liabilities at fair value through profit or loss	(3 847 833)	(1 649 683)	(200 000)	—	—	(5 697 516)	(5 686 627)
- Short-term	(3 847 833)	(1 649 683)	(200 000)	—	—	(5 697 516)	(5 686 627)
- Long-term	(1 253 580)	(127 241)	(10 152 005)	(40 494 648)	(52 552 420)	(104 579 894)	(96 326 045)
Total financial liabilities	(11 942 605)	(1 799 058)	(10 356 303)	(40 502 847)	(52 648 612)	(117 249 425)	(109 220 043)
Derivatives							
Interest rate swaps	(62)	(2 065)	13 272	(62 045)	(113 248)	(164 148)	(151 087)
Cross currency swaps	(5 185)	(4 874)	(30 712)	(128 873)	(392 486)	(562 130)	42 742
Foreign exchange contracts	7 822	(1 446)	—	—	—	6 376	5 843
Futures contracts	94 700	—	—	—	—	94 700	(6 381)
Net derivatives	97 275	(8 385)	(17 440)	(190 918)	(505 734)	(625 202)	(108 883)
Net (liabilities)/assets	(6 234 286)	7 644 411	(4 969 467)	(12 513 336)	22 444 806	6 372 128	560 541
Cumulative	(6 234 286)	1 410 125	(3 559 342)	(16 072 678)	6 372 128	—	—

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

Notes to the Financial Statements
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12 Financial risk management continued

(b) Liquidity and financing risks continued

CONTRACTUAL MATURITIES AS AT 30 JUNE 2018	3 MONTHS OR LESS \$000	3 - 6 MONTHS \$000	6 - 12 MONTHS \$000	1 - 5 YEARS \$000	MORE THAN 5 YEARS \$000	TOTAL \$000	FAIR VALUE \$000
Financial assets							
Cash and cash equivalents	640 668	—	—	—	—	640 668	640 668
Receivables	7 484	—	—	—	—	7 484	7 484
Onlendings	1 332 075	1 212 306	1 432 167	15 448 446	73 486 751	92 911 745	81 951 783
Financial assets at fair value through profit or loss	6 690 126	3 862 733	2 186 803	7 227 083	1 717 974	21 684 719	20 528 480
Total financial assets	8 670 353	5 075 039	3 618 970	22 675 529	75 204 725	115 244 616	103 128 415
Financial liabilities							
Payables and dividends	(29 551)	—	—	—	—	(29 551)	(29 551)
Deposits	(6 075 055)	(22 371)	(4 348)	(14 964)	(97 999)	(6 214 737)	(6 213 544)
Financial liabilities at fair value through profit or loss	(5 322 841)	(100 000)	—	—	—	(5 422 841)	(5 409 987)
- Short-term	(5 322 841)	(100 000)	—	—	—	(5 422 841)	(5 409 987)
- Long-term	(1 515 388)	(2 480 881)	(9 677 846)	(40 135 077)	(51 180 448)	(104 989 640)	(91 122 462)
Total financial liabilities	(12 942 835)	(2 603 252)	(9 682 194)	(40 150 041)	(51 278 447)	(116 656 769)	(102 775 544)
Derivatives							
Interest rate swaps	(6 283)	(1 568)	(6 238)	(31 577)	64 911	19 245	6 979
Cross currency swaps	(30)	(2 447)	(18 858)	(94 208)	(510 400)	(625 943)	10 931
Foreign exchange contracts	44 516	—	—	—	—	44 516	44 760
Futures contracts	(27 765)	—	—	—	—	(27 765)	(27 765)
Net derivatives	10 438	(4 015)	(25 096)	(125 785)	(445 489)	(589 947)	34 905
Net (liabilities)/assets	(4 262 044)	2 467 772	(6 088 320)	(17 600 297)	23 480 789	(2 002 100)	387 776
Cumulative	(4 262 044)	(1 794 272)	(7 882 592)	(25 482 889)	(2 002 100)	—	—

(c) Credit risk

(i) Financial markets counterparties

Credit risk is regularly assessed, measured and managed in strict accordance with QTC's Financial Markets Risk Policy. Exposure to credit risk is managed through regular analysis of the ability of credit counterparties to meet payment obligations.

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

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

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

BY CREDIT RATING ⁽¹⁾ 30 JUNE 2019	AAA \$000	AA+ \$000	AA \$000	AA- \$000	A+ \$000	A \$000	OTHER ⁽²⁾ \$000	TOTAL \$000
Cash & equivalents	—	—	—	1 577 139	—	—	—	1 577 139
Financial assets ⁽³⁾	1 373 518	879 541	118 354	15 687 028	1 998 084	932 111	100 616	21 089 252
Derivatives	—	—	—	50 014	11 694	—	—	61 708
	1 373 518	879 541	118 354	17 314 181	2 009 778	932 111	100 616	22 728 099
	6%	4%	1%	76%	9%	4%	0%	100%

⁽¹⁾ Credit rating as per Standard & Poor's or equivalent agency

⁽²⁾ Includes long term ratings of A-, or a short term rating of A-1+ & A-2

⁽³⁾ Financial assets are based on unsettled face value and consist mainly of discount securities, Commonwealth & State securities, floating rate notes and term deposits

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12 Financial risk management continued

(c) Credit risk continued

(i) Financial markets counterparties continued

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

(1) Credit rating as per Standard & Poor's or equivalent agency

(2) Includes long term ratings of A-, or a short term rating of A-1+ & A-2

(3) Financial assets are based on unsettled face value and consist mainly of discount securities, Commonwealth & State securities, floating rate notes and term deposits

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

QTC has a significant concentration of credit risk to the banking sector and in particular, the domestic banking sector. The exposure to domestic banks reflects the structure of the Australian credit markets which are themselves dominated by issuance from these entities. Matching market structure is seen as a prudent portfolio management decision parameter. QTC has a requirement to invest with counterparties rated BBB+ or better. QTC has exposure to systemically important domestic banks (which are rated AA-) of approximately 69 per cent.

(ii) Onlending counterparties

Counterparties for onlendings, with the exception of some small exposures to private companies, are Queensland Government sector entities with approximately 67.5 per cent (2018: 67.6 per cent) of these onlendings having an explicit State Government guarantee. As a consequence, these exposures are not included in QTC's total credit exposure.

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

QTC's borrowings are guaranteed by the State Government, and in the case of the Australian Government Guaranteed borrowings (2019: \$786 million), by the Commonwealth. As a result, credit risk is not a significant factor in the determination of fair value. Changes in fair value are mainly attributable to market fluctuations.

(iv) Master netting arrangements

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

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

	GROSS AND NET AMOUNTS ON THE BALANCE SHEET \$000	RELATED TO AMOUNTS NOT SET OFF IN THE BALANCE SHEET		NET AMOUNT \$000
		FINANCIAL INSTRUMENTS COLLATERAL \$000	CASH COLLATERAL RECEIVED OR GIVEN \$000	
2019				
Derivative assets:				
- subject to master netting arrangements	289 989	—	(289 461)	528
Derivative liabilities:				
- subject to master netting arrangements	(398 872)	—	398 872	—
Net exposure	(108 883)	—	109 411	528
2018				
Derivative assets:				
- subject to master netting arrangements	130 115	—	(128 347)	1 768
Derivative liabilities:				
- subject to master netting arrangements	(95 210)	—	95 210	—
Net exposure	34 905	—	(33 137)	1 768

Notes to the Financial Statements
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13 Fair value hierarchy

Financial instruments measured at fair value have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*. The fair value hierarchy is categorised into three levels based on the observability of the inputs used.

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

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

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

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

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

Financial assets classified as Level 2 include non-actively traded corporate and semi-government bonds, certain money market securities, floating rate notes, term deposits, QTC onlendings and all over the counter derivatives. The principal inputs in determining fair value include benchmark interest rates such as interbank rates, quoted interest rates in the swap, bond and futures markets, trading margins to the swap curve and counterparty credit spreads for similar instruments adjusted for changes in the credit worthiness of the counterparty. A margin may be applied based on the original purchase margin where the instrument is not actively traded. QTC onlendings are priced based on the underlying liability portfolio.

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

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

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

Classification of instruments into fair value hierarchy levels is reviewed annually and where there has been a significant change to the valuation inputs and a transfer is deemed to occur, this is effected at the end of the relevant reporting period. QTC Capital Index and QTC 2047 Bonds were transferred from level 2 to level 1 during the year as sufficient pricing sources existed to provide quoted market prices and recent transactions also improved liquidity.

	QUOTED PRICES LEVEL 1 \$000	OBSERVABLE INPUTS LEVEL 2 \$000	TOTAL \$000
AS AT 30 JUNE 2019			
Financial assets			
Cash and cash equivalents	1 577 139	—	1 577 139
Financial assets through profit or loss	16 331 753	4 844 147	21 175 900
Onlendings	—	87 129 775	87 129 775
Derivative financial assets	7 747	282 242	289 989
Total financial assets	17 916 639	92 256 164	110 172 803
Financial liabilities			
Financial liabilities through profit or loss			
- Short-term	—	5 686 627	5 686 627
- Long-term	91 134 633	5 191 412	96 326 045
Deposits	—	7 183 040	7 183 040
Derivative financial liabilities	14 128	384 744	398 872
Total financial liabilities	91 148 761	18 445 823	109 594 584
AS AT 30 JUNE 2018			
Financial assets			
Cash and cash equivalents	640 668	—	640 668
Financial assets through profit or loss	12 054 074	8 474 406	20 528 480
Onlendings	—	81 951 783	81 951 783
Derivative financial assets	13 419	116 696	130 115
Total financial assets	12 708 161	90 542 885	103 251 046
Financial liabilities			
Financial liabilities through profit or loss			
- Short-term	—	5 409 987	5 409 987
- Long-term	86 315 997	4 806 465	91 122 462
Deposits	—	6 213 544	6 213 544
Derivative financial liabilities	41 184	54 026	95 210
Total financial liabilities	86 357 181	16 484 022	102 841 203

Notes to the Financial Statements
Capital Markets Operations
For the year ended 30 June 2019

14 Property, plant and equipment

Accounting Policy

Items with a cost or other value equal to or exceeding \$5,000 are reported as property, plant and equipment. Items with a lesser value are expensed in the year of acquisition. Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight line basis over the estimated useful life of the assets. Depreciation rates are as follows:

<u>Asset class</u>	<u>Depreciation rate</u>
Information technology & office equipment	6 – 40%

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

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

	2019 \$000	2018 \$000
Cost at balance date	5 608	6 168
Accumulated depreciation and impairment	(1 666)	(1 583)
Net carrying amount	3 942	4 585
Movement		
Net carrying amount at beginning of year	4 585	4 483
Additions	30	1 075
Depreciation expense	(673)	(973)
Net carrying amount at end of year	3 942	4 585

15 Notes to the statement of cash flows

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

	2019 \$000	2018 \$000
Profit for the year	125 923	94 332
Non-cash flows in operating surplus		
Loss on interest-bearing liabilities	4 174 631	1 422 117
Loss/(gain) on deposits held	36	(17)
(Gain)/loss on onlendings	(4 616 513)	790 966
(Gain)/loss on financial assets at fair value through profit or loss	(133 276)	12 243
Depreciation and amortisation	2 878	24 590
Gain on disposal of plant and machinery	(1 398)	—
Doubtful debts	1	323
Changes in assets and liabilities		
Decrease in financial assets at fair value through profit or loss	23 612	22 363
Decrease/(increase) in deferred tax asset	171	(1 985)
Decrease /(increase) in onlendings	7 771	(13 692)
Decrease /(increase) in receivables	775	(3 583)
Decrease in interest-bearing liabilities	(7 086)	(2 631 089)
Increase/(decrease) in deposits	434	(1 087)
Increase in payables and other liabilities	29 445	20 842
Net cash used in operating activities	(392 596)	(263 677)

Notes to the Financial Statements
Capital Markets Operations
For the year ended 30 June 2019

15 Notes to the statement of cash flows continued

(b) Reconciliation of liabilities arising from financing activities

	OPENING BALANCE \$000	CASH FLOWS \$000	FAIR VALUE MOVEMENT \$000	FOREIGN EXCHANGE MOVEMENT \$000	OTHER NON CASH MOVEMENT \$000	CLOSING BALANCE \$000
AS AT 30 JUNE 2019						
Interest-bearing liabilities ⁽¹⁾	96 627 659	1 478 297	3 815 434	359 197	130 957	102 411 544
Deposits	6 213 544	969 462	(36)	—	70	7 183 040
Dividend paid	—	(50 000)	—	—	50 000	—
	<u>102 841 203</u>	<u>2 397 759</u>	<u>3 815 398</u>	<u>359 197</u>	<u>181 027</u>	<u>109 594 584</u>
AS AT 30 JUNE 2018						
Interest-bearing liabilities ⁽¹⁾	98 638 174	(597 920)	(1 359 678)	(62 439)	9 522	96 627 659
Deposits	7 428 891	(1 166 155)	17	—	(49 209)	6 213 544
Dividend paid	500 000	(500 000)	—	—	—	—
	<u>106 567 065</u>	<u>(2 264 075)</u>	<u>(1 359 661)</u>	<u>(62 439)</u>	<u>(39 687)</u>	<u>102 841 203</u>

⁽¹⁾ Includes derivatives

Notes to the Financial Statements
Long Term Assets
For the year ended 30 June 2019

16 Financial instruments at fair value through profit or loss

Accounting Policy – Classification and measurement

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

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

Financial assets at fair value through profit or loss

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of fixed rate notes issued to the State Government in exchange for a portfolio of assets. The fixed rate notes were initially recognised at par value, which equated to the fair value of the financial assets acquired. Deposits and withdrawals are made to/from the notes based on changes in the State Government's long-term liabilities. The notes will terminate upon the greater of 50 years (from the transaction date of 1 July 2008) or the date that the State Government's long term liabilities cease to exist. Upon termination/settlement of the liability, any shortfall between the value of the assets and liability will be borne by the State; and any excess in the assets will be returned. Interest on the fixed rate notes is capitalised monthly and the rate is reviewed annually.

Financial liabilities at fair value through profit or loss are valued by reflecting the changes, including market value movements, of the supporting assets of the portfolio as market value movements in the fixed rate notes. This eliminates any accounting mismatch between the financial assets and liabilities in this segment.

	2019 \$000	2018 \$000
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
Investments in unit trusts and other holdings - QIC:		
Movement during the year:		
Opening balance	30 487 950	31 714 459
Net withdrawals	(2 710 198)	(3 128 187)
Fees paid	(98 664)	(98 608)
Net change in fair value of unit trusts	<u>1 666 822</u>	<u>2 000 286</u>
Closing balance	<u>29 345 910</u>	<u>30 487 950</u>
Comprised of the following asset classes:		
Defensive assets		
Cash	9 149 487	7 854 382
Fixed interest	2 524 976	4 811 272
Growth assets		
Equities	2 299 396	3 821 700
Diversified alternatives	5 855 766	5 534 400
Unlisted assets		
Infrastructure	3 368 382	3 018 799
Private equities	2 839 975	2 577 068
Real estate	<u>3 307 928</u>	<u>2 870 329</u>
	<u>29 345 910</u>	<u>30 487 950</u>

Notes to the Financial Statements
 Long Term Assets
 For the year ended 30 June 2019

16 Financial instruments at fair value through profit or loss continued

	2019 \$000	2018 \$000
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		
Fixed rate notes		
Movement during the year:		
Opening balance	29 766 334	—
Opening balance adjustment ⁽¹⁾	721 616	—
Interest	1 879 573	—
Net withdrawals	(2 710 198)	—
Net change in fair value of fixed rate note	(311 415)	—
Closing balance	<u>29 345 910</u>	<u>—</u>
FINANCIAL LIABILITIES AT AMORTISED COST		
Fixed rate notes		
Movement during the year:		
Opening balance	—	30 799 145
Interest	—	2 095 376
Net withdrawals	—	(3 128 187)
Closing balance	<u>—</u>	<u>29 766 334</u>

⁽¹⁾ Accounting policy change refer to note 2(a)

Notes to the Financial Statements
Long Term Assets
For the year ended 30 June 2019

17 Financial risk management

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

The Long Term Asset Advisory Board (LTAAB) determined the investment objectives, risk profiles and strategy for the Long Term Assets within the framework provided by the Government. It was responsible for formulating a strategic asset allocation to achieve the objectives of the investments in line with the required risk profile. Risk management policies have been established to identify and analyse risks as well as to set appropriate risk limits and controls. Risks are monitored in adherence with these limits. Going forward, this role will be undertaken by the State Investment Advisory Board. QIC provided assistance to LTAAB in discharging its responsibilities. QIC's role includes recommending investment product objectives, risk profiles and strategic asset allocations to achieve objectives within the targets and risk controls set. As the lead investment manager, QIC is responsible for implementing the investment strategy. In addition, independent oversight of the investment advice and services provided by QIC, including periodic strategic reviews of QIC's activities and performance, was provided by an external consultant.

The interest rate applicable on the fixed rate note liability of QTC, which was set at 6.5 per cent (2018: 7.0 per cent) on the book value of the notes from 1 July 2018.

(a) Liquidity risk

No external cash flows are generated by QTC from the Long Term Assets. Deposits and withdrawals from the Long Term Assets result in a corresponding change to the value of the fixed rate notes (FRN). Interest owing to Treasury on the FRNs is capitalised as are returns and fees on the Long Term Assets. As such daily movements in these cash flows do not expose QTC to liquidity risk.

(b) Credit risk

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

(c) Market risk

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

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

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

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

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

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

	2019 CHANGE		2019 PROFIT/EQUITY		2018 CHANGE		2018 PROFIT/EQUITY	
	Low %	High %	Decrease \$000	Increase \$000	Low %	High %	Decrease \$000	Increase \$000
Cash and fixed interest ⁽¹⁾	> -1%	< 1%	(23 772)	23 772	> -1%	< 1%	(60 850)	60 850
Equities	-10%	10%	(230 226)	230 226	-10%	10%	(382 624)	382 624
Diversified alternatives ⁽²⁾	-10%	10%	(586 266)	586 266	-10%	10%	(554 231)	554 231
Infrastructure	-10%	10%	(336 663)	336 663	-10%	10%	(301 882)	301 882
Private equities	-10%	10%	(284 332)	284 332	-10%	10%	(257 826)	257 826
Real estate	-10%	11%	(317 829)	369 330	-8%	9%	(234 206)	248 164
			(1 779 088)	1 830 589			(1 791 619)	1 805 577

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

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

Notes to the Financial Statements
Long Term Assets
For the year ended 30 June 2019

18 Fair value hierarchy

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

<u>AS AT 30 JUNE 2019</u>	<u>OBSERVABLE INPUTS LEVEL 2 \$000</u>	<u>UNOBSERVABLE INPUTS LEVEL 3 \$000</u>	<u>TOTAL \$000</u>
Financial assets			
Cash	9 149 487	—	9 149 487
Fixed interest	2 524 976	—	2 524 976
Equities	2 299 396	—	2 299 396
Diversified alternatives	—	5 855 766	5 855 766
Infrastructure	—	3 368 382	3 368 382
Private equities	—	2 839 975	2 839 975
Real estate	—	3 307 928	3 307 928
Total financial assets	13 973 859	15 372 051	29 345 910
Financial liabilities			
Fixed rate note	—	29 345 910	29 345 910
Total financial liabilities	—	29 345 910	29 345 910
 <u>AS AT 30 JUNE 2018</u>			
Financial assets			
Cash	7 854 382	—	7 854 382
Fixed interest	4 811 272	—	4 811 272
Equities	3 821 700	—	3 821 700
Diversified alternatives	—	5 534 400	5 534 400
Infrastructure	—	3 018 799	3 018 799
Private equities	—	2 577 068	2 577 068
Real estate	—	2 870 329	2 870 329
Total financial assets	16 487 354	14 000 596	30 487 950

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

Notes to the Financial Statements
Long Term Assets
For the year ended 30 June 2019

18 Fair value hierarchy continued

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

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

In some instances, the prices advised by QIC are based on unaudited valuation statements provided by the external managers of underlying investments that relate to a date prior to 30 June 2019. QIC continues to monitor and provide updated advice to QTC on the potential impact on the value of these investments arising from the subsequent receipt of updated valuations from external managers and audited financial statements.

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

<u>ASSET CLASS</u>	<u>VALUATION TECHNIQUE</u>	<u>UNOBSERVABLE INPUTS</u>
Diversified alternatives	Based on valuations provided by an independent external valuer or external manager in accordance with relevant industry standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Infrastructure	Based on valuations provided by an independent external valuer or external manager in accordance with industry standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Private equities	Based on valuations provided by an independent external valuer or external manager in accordance with International Private Equity and Venture Capital Valuation Guidelines	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Real estate	Based on valuations provided by an independent external valuer or external manager in accordance with Australian Property Institute's valuation and Property Standards	The valuation model considers the future net cash flows expected to be generated from the asset and are discounted using a risk adjusted discount rate
Fixed Rate Notes	Based on the value of the corresponding assets in the Long Term Assets segment	The valuation is based on the fair values of the related assets which are derived using level 3 inputs

(b) Reconciliation of level 3 fair value movements

The table below shows the breakdown of gains and losses in respect of Level 3 fair values for the period ended 30 June 2019.

<u>ASSET CLASS</u>	<u>OPENING BALANCE</u> <u>\$000</u>	<u>DISTRIBUTIONS⁽¹⁾</u> <u>\$000</u>	<u>UNREALISED MARKET MOVEMENTS⁽¹⁾</u> <u>\$000</u>	<u>SETTLEMENTS⁽¹⁾</u> <u>\$000</u>	<u>CLOSING BALANCE</u> <u>\$000</u>
Diversified alternatives	5 534 400	(902 388)	100 353	1 123 401	5 855 766
Infrastructure	3 018 799	(221 542)	530 119	41 006	3 368 382
Private equities	2 577 068	(352 154)	580 026	35 036	2 839 975
Real estate	2 870 329	(107 196)	173 328	371 467	3 307 928

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

Fixed rate note movements are disclosed in note 16.

(c) Level 3 – Sensitivity Analysis

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

19 Contingent liabilities

The following contingent liabilities existed at balance date:

- QTC has provided guarantees to the value of \$2.27 billion (2018: \$2.09 billion) to support the commercial activities of various Queensland public sector entities. In each case, a counter indemnity has been obtained by QTC from the appropriate public sector entity.
- QTC can lend stock to support the liquidity of QTC bonds in the financial markets. At 30 June 2019 no (2018: \$7 million) QTC inscribed stock was lent to other financial institutions.

20 Related party transactions

QTC's related parties are those entities that it controls, is controlled by, under common control or can exert significant influence over. This includes controlled entities of the State of Queensland, being Queensland Treasury, Government Departments, Statutory Bodies (excluding universities) and Government Owned Corporations, and also includes QTC's key management personnel and their related parties. Along with universities, local governments are not considered as related parties of QTC.

(a) Ultimate controlling entity

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

(b) Key management personnel

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

(c) Investments in companies

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

(d) Transactions with related parties

Transactions undertaken with related parties during the year include:

- loans \$77,288.9 million (2018: \$72,537.5 million) and interest received \$7,038.9 million (2018: \$2,360.1 million)
- investment of cash surpluses \$2,232.0 million (2018: \$1,792.3 million) and interest paid \$50.1 million (2018: \$67.8 million)
- fees received \$61.0 million (2018: \$64.2 million), and
- dividends paid to Queensland Treasury \$50 million (2018: \$500 million)

QTC may from time to time indirectly hold a small amount of investments in QTC Bonds via its investments in unit trusts managed by QIC. QTC does not have direct legal ownership of these assets and therefore no adjustment has been made in the financial statements. QTC through the Long Term Assets has paid \$97.6 million in management fees to QIC (2018: \$98.3 million) and \$0.7 million (2018: nil) to Queensland Treasury for Board Secretariat services.

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

- QTC sometimes acts as an agent to government entities in the procurement of advice from consultants. In these situations, QTC does not bear any significant risks or benefits associated with the advice and is reimbursed for the costs of the consultant by the government entity. The funds received as reimbursement offset consultant costs in the financial statements providing a nil net effect. The amount of costs reimbursed to QTC during the financial year totalled \$9.5 million (2018: \$4.5 million).
- QTC has a shareholding in Queensland Treasury Holdings Pty Ltd and its associated entities (QTH group). The QTH group hold deposits of \$96.6 million (2018: \$83.0 million) and loans of \$113.0 million (2018: \$121.6 million) with QTC that are provided on an arm's length basis and are subject to QTC's normal terms and conditions. QTC also provides company secretariat services to the QTH group on a cost recovery basis and received fees of \$0.4 million (2018: \$0.4 million) for the provision of these services.

(e) Agency arrangements

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

- QTC provides services on behalf of Queensland Treasury under a GOC Cash Management Facility. QTC is not exposed to the risks and benefits of this facility and therefore does not recognise these deposits on its balance sheet. QTC charges a fee for this service. The balance of deposits under this facility at year end was \$2,272.1 million (2018: \$2,284.3 million).
- QTC may enter into derivative transactions from time to time on behalf of its clients. These arrangements have back to back contracts between QTC and the client and QTC and the market. In this way QTC is not exposed to the risks and benefits of these contracts and does not recognise these on-balance sheet. The notional value of these derivative arrangements at year end was \$48.3 million (2018: \$60.6 million).

Notes to the Financial Statements
Other information
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21 Key management personnel

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

(a) QTC's Boards

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

(b) Executive management

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

(c) Remuneration principles

Capital Markets Board - Directors

Any changes to Board remuneration requires consideration by Queensland Treasury and the Department of Premier and Cabinet to ensure remuneration is commensurate with government policy. Cabinet endorsement of any changes is required prior to approval by the Governor in Council. Remuneration was last increased effective 1 July 2012.

Long Term Asset Advisory Board - Directors

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

Executives and employees

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

Remuneration governance

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

Fixed remuneration

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

Variable remuneration - short-term incentives

QTC's variable remuneration framework provides an annual short-term incentive opportunity for eligible employees, aligned to financial year performance. This opportunity is designed to differentiate and reward outstanding organisational, divisional, group and individual performance, and to align performance at these levels with incentive outcomes. It also aims to ensure market competitiveness, with 'target' STI outcomes aligned to the conservative market position of the FIRG database (i.e. the median incentive potential for FIRG members within QTC's peer group) and approved at Board level each year. For the 2018-19 year, STI payments were made to eligible staff in July 2019.

Variable remuneration - executive management

For the 2018-19 year, where executive management performed strongly against corporate, divisional and individual KPIs, they were eligible to receive a short-term incentive payment based on a percentage of their total fixed remuneration. Short term incentives are at risk with no payment made for underperformance and additional premiums of up to 50% of the target paid for above expected performance.

The outcomes for executive management are aligned to achievements measured against corporate, divisional and individual KPIs. For 2018-19, short-term incentive 'targets' for executive management ranged between 45% and 60% of their total fixed remuneration. The proportion of each executive's short-term incentive 'target' opportunity is then weighed 40% on individual performance, 30% on divisional performance, and 30% on the achievement of targets set out in QTC's Strategic Plan 2017-21 and Corporate Plan 2018-19.

QTC's overall performance for 2018-19, documented in the annual performance assessment that is reviewed and approved by QTC's Board, was considered to be very strong across QTC's whole-of-State, client, funding and operational activities. Based on the corporate performance assessed as exceeding expectations, the short-term incentives paid to the executive management broadly ranged between 56% and 80% of their total fixed remuneration.

Notes to the Financial Statements
Other information
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21 Key management personnel continued

(d) Remuneration by category

	2019 \$	2018 \$
Capital Markets Operations		
Directors		
Short-term employment benefits ⁽¹⁾	323 488	328 326
Post-employment benefits ⁽⁴⁾	29 361	19 366
Total	352 849	347 692
Executive management		
Short-term employment benefits ⁽²⁾	4 076 728	3 868 859
Long-term employment benefits ⁽³⁾	68 703	67 709
Post-employment benefits ⁽⁴⁾	106 260	115 403
Total	4 251 691	4 051 971

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

(i) Directors

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

	SHORT-TERM EMPLOYMENT BENEFITS		POST-EMPLOYMENT BENEFITS		TOTAL	
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$
Gerard Bradley - Chairman	125 251	128 748	10 529	—	135 780	128 748
Alison Rayner ⁽¹⁾	—	—	—	—	—	—
Tonianne Dwyer	42 357	40 210	4 024	3 820	46 381	44 030
Anne Parkin	43 856	43 856	4 166	4 166	48 022	48 022
Karen Smith-Pomeroy	42 357	38 077	4 024	3 877	46 381	41 954
Stephen Roberts ⁽²⁾	—	37 225	—	3 683	—	40 908
Jim Stening	40 210	40 210	3 820	3 820	44 030	44 030
Neville Ide ⁽³⁾	29 457	—	2 798	—	32 255	—
Total	323 488	328 326	29 361	19 366	352 849	347 692

- ⁽¹⁾ No remuneration is payable to the Queensland Treasury representative
- ⁽²⁾ Resigned 1 June 2018
- ⁽³⁾ Appointed 1 October 2018

Notes to the Financial Statements
Other information
For the year ended 30 June 2019

21 Key management personnel continued

(d) Remuneration by category continued

(ii) Executive management

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

	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL
	BASE \$	SHORT-TERM INCENTIVE \$	NON-MONETARY \$	\$	\$	\$
30 JUNE 2019						
Chief Executive	720 151	511 200	16 601	20 461	20 624	1 289 037
Deputy Chief Executive and Managing Director, Funding and Markets	567 145	473 475	16 659	20 531	15 490	1 093 300
Managing Director, Client Advisory	367 830	219 375	15 651	20 531	11 598	634 985
Managing Director, Corporate Services	353 527	230 850	15 651	24 206	10 109	634 343
Managing Director, Finance, Data, and Compliance	337 932	202 500	28 181	20 531	10 882	600 026
Total	2 346 585	1 637 400	92 743	106 260	68 703	4 251 691
	SHORT-TERM EMPLOYMENT BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	TOTAL
	BASE \$	SHORT-TERM INCENTIVE \$	NON-MONETARY \$	\$	\$	\$
30 JUNE 2018						
Chief Executive	699 060	469 239	15 855	19 986	21 971	1 226 111
Deputy Chief Executive and Managing Director, Funding and Markets	535 046	461 700	14 661	20 049	14 219	1 045 675
Managing Director, Client Advisory	348 378	224 775	12 056	19 587	10 643	615 439
Managing Director, Risk and Financial Operations	348 474	208 125	14 240	20 033	10 141	601 013
Managing Director, Corporate Services	317 419	170 000	29 831	35 748	10 735	563 733
Total	2 248 377	1 533 839	86 643	115 403	67 709	4 051 971

(e) Other transactions

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

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

22 Auditor's remuneration

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

	2019 \$	2018 \$
Audit services		
Audit and review of QTC financial statements	359 000	379 250

Notes to the Financial Statements
Other information
For the year ended 30 June 2019

23 Investments in companies

Investments in the following companies are held at cost:

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

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

24 Dividends

Each year the Board determines the appropriate level of dividends to be declared taking into consideration the financial situation of the Corporation. A dividend of \$50 million (2018: \$500 million) was paid to the Queensland Government in June 2019.

25 Events subsequent to balance date

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

From 2019-20 onward, LTAAB will be reconstituted as the State Investment Advisory Board (SIAB). Membership to the Board will include the Under Treasurer (as chair), the Deputy Under Treasurer, Economic and Fiscal Coordination (as an ex-officio member) and three external members.

Certificate of the Queensland Treasury Corporation

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

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

We certify that in our opinion:

- (i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and
- (ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view of Queensland Treasury Corporation's assets and liabilities, financial position and financial performance for the year ended 30 June 2019.

The financial statements are authorised for issue on the date of signing this certificate which is signed in accordance with a resolution of the Capital Markets Board.



G P BRADLEY
Chairman



P C NOBLE
Chief Executive

Brisbane
21 August 2019

Independent Auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Capital Markets Board of Queensland Treasury Corporation

Report on the audit of the financial report**Opinion**

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

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards
- c) also complies with International Financial Reporting Standards as disclosed in Note 2(a).

The financial report comprises the balance sheet as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate given by the Chairman and Chief Executive.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matter

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of the audit of the financial report as whole, and in forming the auditor's opinion thereon, and I do not provide a separate opinion on these matters.

Valuation, presentation and disclosure of investment in Long Term Assets (\$29 billion as at 30 June 2019)

(Refer Notes 16, 17 and 18)

Key audit matter

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

Significant judgement is required to determine whether the unaudited valuations advised by QIC are materially consistent with the fair value as at 30 June 2019, or if an adjustment is required.

The fair value of these underlying investments is based on the hard-close unit prices as at 30 June 2019 as advised by QIC to QTC on 23 August 2019.

In some instances, the prices advised by QIC are based on unaudited valuation statements provided by the external managers of the underlying investments that relate to a date prior to 30 June 2019. QIC continues to monitor and provides updated advice to QTC on the potential impact on the value of these investments arising from the subsequent receipt of updated valuations from external managers and audited financial statements.

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

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

How my audit addressed this key audit matter

My procedures included but were not limited to:

- Reviewing the audited assurance report on controls over investment management services for the period 1 July 2018 to 30 June 2019 to obtain confirmation that the controls at QIC are appropriately designed and implemented, and operating effectively.
- Reviewing the management representation letter provided by QIC confirming the following processes were performed by QIC:
 - checks performed over pricing of the underlying assets at 30 June 2019 and
 - checks performed post balance date on prices for highly illiquid investments.
- Confirming the value of the investments reported at 30 June 2019 by:
 - Agreeing the reported value in QIC's confirmation to the financial statements
 - Obtaining a confirmation from QIC on any changes to the value initially reported and assessing the impact of changes in value to the financial statements. Where the change in prices is materially different to the prices initially determined at 30 June 2019, we request management to recognise the change in the prices to reflect the correct valuation.

- Obtaining an understanding of the underlying investments in the trusts and the pricing mechanism adopted by QIC. This in turn determines the appropriate fair value hierarchy disclosure in the financial statements of QTC under AASB13 *Fair Value Measurement*.
- Reviewing the fair value hierarchy disclosure in note 18 to ensure the classification is in accordance with my understanding of the underlying investment and pricing mechanism, and in accordance with AASB 13 *Fair Value Measurement*.

Other information

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

Those charged with governance are responsible for the other information.

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

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

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

I have nothing to report in this regard.

Responsibilities of the entity for the financial report

The Board is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Board determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Board is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Board, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on other legal and regulatory requirements**

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

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

23 August 2019

A handwritten signature in blue ink that reads "B.P. Worrall".

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

APPENDICES

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Appendix A – Statutory and mandatory disclosures

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

QTC is committed to providing accessible services to Queensland residents from culturally and linguistically diverse backgrounds. QTC did not receive any requests for interpreters in 2018-19.

Information systems and record keeping

During the year, QTC continued its compliance with the provisions of the *Public Records Act 2002*, and its implementation of the Records Governance Policy. QTC also provided training to staff with respect to information and records management.

QTC continued to adhere to the requirements determined in the General Retention and Disposal Schedule and improve accuracy of record classification through exploring automated pattern detection technologies.

QTC is enhancing its electronic document and information management systems for improved management of both digital and physical records particularly in relation to expanding cloud technologies. QTC has introduced a range of information security features to protect internally and externally accessible records.

QTC has not experienced any serious breaches and continues to place focus on education, communication and evolving our technical environment to ensure the importance of information and records management remains front-of-mind.

Public Sector Ethics Act

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

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

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

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

QTC is committed to:

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

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

Remuneration: Board and Committee

For the year ending 30 June 2019, the remuneration and committee fees of the QTC Capital Market Board members (excluding superannuation contributions and non-monetary benefits) were as follows:

<u>Board</u>		<u>Committee</u>	
Chairperson	\$100,527	Chairperson	\$6,658
Member	\$ 33,551	Member	\$5,152

The total remuneration provided to the members of the QTC Capital Markets Board was \$352,849, this included superannuation and the provision of a car park. Total on-costs (including travel and professional memberships for members) was \$4,233.

No payments in relation to remuneration or on-costs were made to members of the Long Term Asset Advisory Board in the year ending 30 June 2019.

Related entities

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

Appendix B – Glossary

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

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

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

Commonwealth Government Guarantee (CGG):

See Australian Government Guarantee above.

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

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

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

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

GOC: Government-owned Corporation.

Green Bonds: QTC green bonds on issue are guaranteed by the Queensland State Government, issued under the AUD Bond Program with 144A capability and certified by the Climate Bonds Initiative (CBI). Proceeds from QTC green bonds are used to fund qualifying green projects and assets for the State of Queensland that support Queensland's transition to a low-carbon, climate resilient and environmentally sustainable economy. QTC's Green Bond Framework facilitates the issuance of both CBI certified green bonds and green bonds that accord with the International Capital Market Association (ICMA) Green Bond Principles. QTC's Green Bond Framework has been developed in line with the Green Bond Principles and is consistent with the Climate Bonds Standard. It has been verified by DNV GL, an approved third-party assurance provider that also provides annual verification of QTC's pool of eligible projects and assets.

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

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

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

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

QTC: Queensland Treasury Corporation.

RBA: Reserve Bank of Australia.

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

Appendix C – Compliance checklist

<u>SUMMARY OF REQUIREMENT</u>		<u>BASIS FOR REQUIREMENT</u>	<u>ANNUAL REPORT REFERENCE</u>
LETTER OF COMPLIANCE	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 1
ACCESSIBILITY	Table of contents Glossary Public availability Interpreter service statement	ARRs – section 9.1 ARRs – section 9.2 <i>Queensland Government Language Services Policy</i>	Inside front cover Appendix B Appendix D Appendix D
	Copyright notice	ARRs – section 9.3 <i>Copyright Act 1968</i> ARRs – section 9.4	Back cover
GENERAL INFORMATION	Introductory information Agency role and main functions Operating environment	ARRs – section 10.1 ARRs – section 10.2 ARRs – section 10.3	Page 2-5 Page 2-3, Appendix D Pages 3-13, 16
NON-FINANCIAL PERFORMANCE	Government’s objectives for the community Agency objectives and performance indicators	ARRs – section 11.1 ARRs – section 11.3	Pages 6-9 Pages 4-11
FINANCIAL PERFORMANCE	Summary of financial performance	ARRs – section 12.1	Pages 4-5, Notes to Financial Statements: Pages 22-49
GOVERNANCE – MANAGEMENT AND STRUCTURE	Organisational structure Executive management Public Sector Ethics Act 1994	ARRs – section 13.1 ARRs – section 13.2 <i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	Pages 12-16 Page 4-5, 12-16 Appendix A
GOVERNANCE – RISK MANAGEMENT AND ACCOUNTABILITY	Risk management Audit committee Internal audit Information systems and recordkeeping	ARRs – section 14.1 ARRs – section 14.2 ARRs – section 14.3 ARRs – section 14.5	Page 10 Pages 12-13 Page 16 Appendix A
GOVERNANCE – HUMAN RESOURCES	Strategic workforce planning and performance	ARRs – section 15.1	Pages 10-11
OPEN DATA	Statement advising publication of information Consultancies Overseas travel Queensland Language Services Policy	ARRs – section 16 ARRs – section 33.1 ARRs – section 33.2 ARRs – section 33.3	Appendix A Appendix A Appendix A Appendix A
FINANCIAL STATEMENTS	Certification of financial statements Independent Auditor’s Report	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 17.1 FAA – section 62 FPMS – section 50 ARRs – section 17.2	Page 50 Pages 51-54

Note: This checklist excludes reference to any requirements that do not apply to QTC for the current reporting period.

FAA: Financial Accountability Act 2009; FPMS: Financial and Performance Management Standard 2009;
ARRs: Annual report requirements for Queensland Government agencies

Appendix D – Contacts

Queensland Treasury Corporation

Level 31, 111 Eagle Street
Brisbane Queensland Australia

GPO Box 1096
Brisbane Queensland
Australia 4001

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

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

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

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

Queensland Treasury Corporation (Reception)
Stock Registry (Link Market Services Ltd)

Telephone
+61 7 3842 4600
1800 777 166



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

ANNUAL REPORT 2018-19 | QUEENSLAND TREASURY CORPORATION

Appendix D – Contacts continued

Information for institutional investors

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

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

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

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

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

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

Bloomberg ticker: qtc



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EXHIBIT (c)(ii)

Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2019.

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;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State or Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

**2018–19
Report on State Finances
of the Queensland Government – 30 June 2019**

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



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Message from the Treasurer

I am pleased to present Queensland's 2018-19 Report on State Finances which includes the Outcomes Report and audited AASB 1049 Financial Statements.

Queensland has reported a strong operating surplus of \$992 million, the sixth surplus in a row. Borrowing has remained stable as a proportion of revenue compared to 2017-18, notwithstanding the delivery of a larger capital program.

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 annual Budget was prepared in accordance with the UPF, and the Outcomes Report compares the 2018-19 actual results with the 2018-19 Estimated Actual in the 2019-20 Budget papers.

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

The AASB 1049 Financial Statements

The AASB 1049 Financial Statements outline the operations of the Queensland Government in accordance with Australian Accounting Standard AASB 1049 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 2017-18 year, and there is also analysis of variances between original 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 Jackie Trad MP
Deputy Premier
Treasurer
Minister for Aboriginal and Torres Strait Islander Partnerships

Related Publications

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

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

**2018–19
Outcomes Report
Uniform Presentation Framework of the
Queensland Government – 30 June 2019**



Outcomes Report - Overview and Analysis

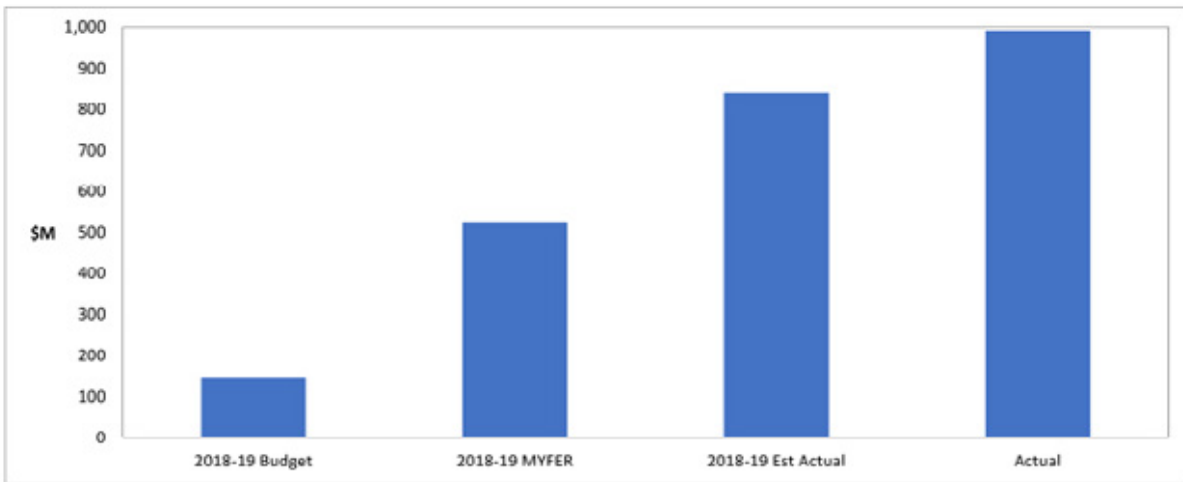
Overview

The General Government Sector (GGS) achieved a UPF net operating balance of \$992 million for 2018-19. This is the sixth consecutive year Queensland has recorded an operating surplus.

The 2018-19 outcome represents a significant improvement on the original 2018-19 Budget and the 2018-19 Mid Year Fiscal and Economic Review, and a moderate improvement on the estimated actual forecast published in the 2019-20 Budget. Royalty income remaining elevated, and greater dividend and tax equivalent income from the Public Non-financial Corporations Sector, more than offset the impact of the lower national GST pool on Queensland's GST revenue, contributing to the substantial improvement in the net operating balance since the 2018-19 Budget.

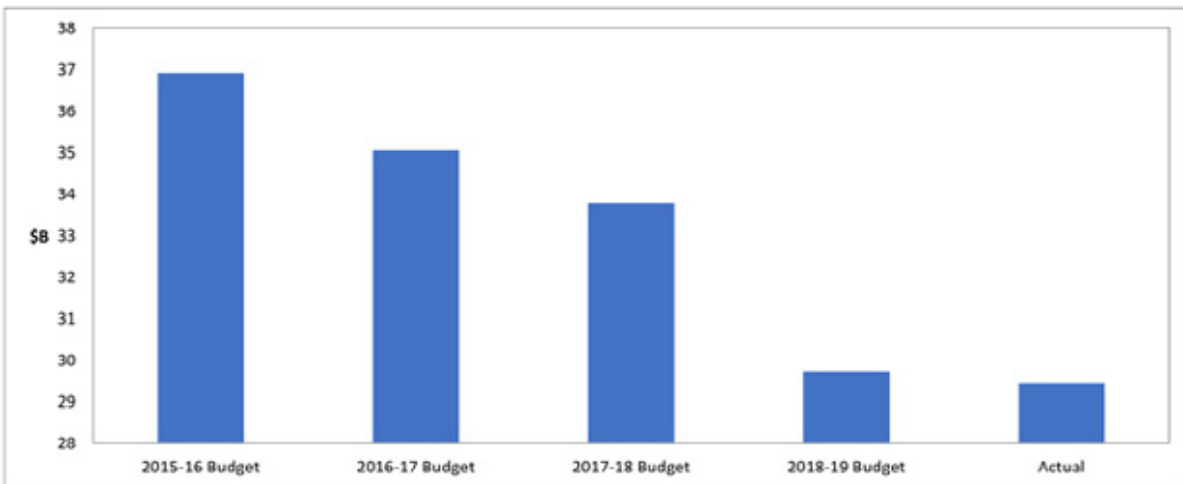
The 2018-19 net operating balance of \$992 million was \$150 million higher than the estimated actual outcome in the 2019-20 Budget. The improved outcome reflects lower than forecast expenses.

Chart 3.1: 2018-19 General Government Sector UPF net operating balance compared to budget forecasts



GGS borrowing with QTC at 30 June 2019 were \$29.468 billion, \$267 million lower than the 2018-19 Budget estimate of \$29.735 billion and \$465 million lower than the 2018-19 estimated actual in the 2019-20 Budget. This reflects improved operating cash flows and slightly lower purchases of non-financial assets.

Chart 3.2: General Government Sector borrowing with QTC for 2018-19, estimates and actuals



Relative to 2017-18, the GGS gross borrowing with QTC increased modestly by \$212 million in 2018-19, while revenue increased by \$1.746 billion.

The overall debt to revenue ratio has remained relatively stable at 54% across 2017-18 and 2018-19. This is a considerable improvement from its peak in 2012-13 of 91%. The Government's Debt Action Plan played a significant role in this improvement.

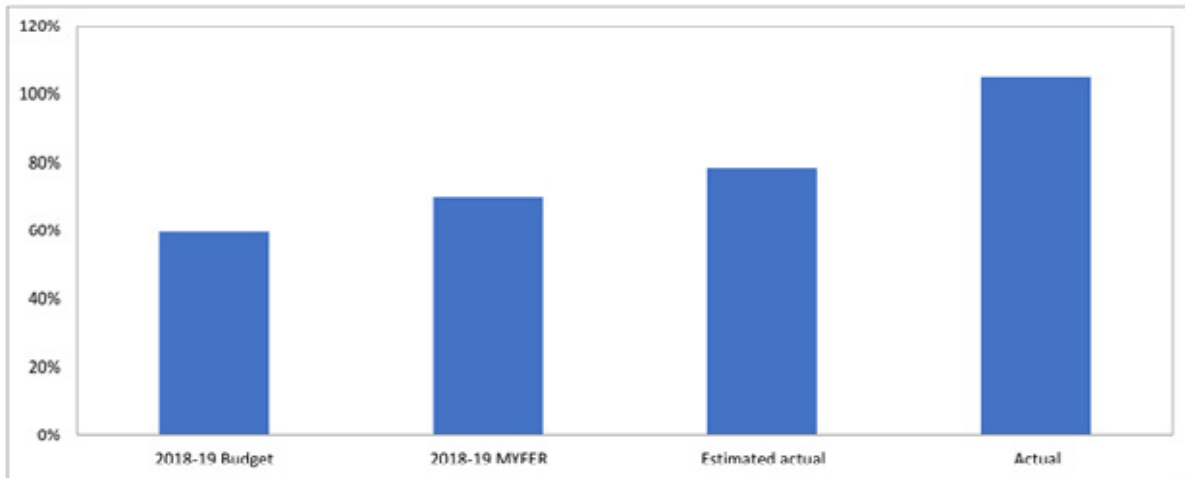
Non-financial Public Sector gross borrowing with QTC of \$67.576 billion in 2018-19 were \$564 million lower than the estimated actual forecast in the 2019-20 Budget. This outcome has resulted in an improvement in the Non-financial Public Sector debt to revenue ratio from the estimated actual of 106% to 104%.

Outcomes Report - Overview and Analysis

Overview continued

The proportion of General Government net investment in non-financial assets funded through operating cash flows in 2018-19 was 106%, compared with the estimated actual at the time of the 2019-20 Budget of 79%. The outcome represents a significant improvement on the 2018-19 Budget projection of 60% and the 2018-19 MYFFER estimate of 70%. This measure reflects the Government's commitment to fiscally responsible infrastructure investment, without substantially increasing debt.

Chart 3.3: General Government Sector operating cashflows as a proportion of net investments in non-financial assets for 2018-19 estimates and actual



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 2018-19 financial year.

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

In managing GGS debt, a debt to revenue ratio is a key measure of the sustainability of a jurisdiction's debt levels. Queensland's debt to revenue ratio was 54% in 2018-19, in line with the estimated actual and substantially below the peak of 91% in 2012-13.

The lower level of debt provided capacity to support additional infrastructure investment in the 2019-20 Budget.

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

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

The proportion of General Government net investment in non-financial assets funded through operating cash flows in 2018-19 was 106%, compared to 79% estimated in the 2019-20 Budget.

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

The 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 2018-19 was \$11.149 billion, compared to \$9.629 billion in 2017-18. The 2019-20 Budget provides for a capital program of \$49.544 billion across 2019-20 to 2022-23.

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 2018-19, own-source revenue represented 8.5% of nominal gross state product, consistent with the Government's fiscal principle. Own source revenue is expected to average 8.1% of gross state product across the forward estimates.

- 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.

Outcomes Report - Overview and Analysis

Fiscal principles continued

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 2018 and was published in a report dated 4 December 2018. The report found the scheme to be fully funded.

As at 30 June 2019, 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 2.0% in 2018-19, compared with estimated actual growth of 2.5% at the time of the 2019-20 Budget, with 91% of the growth attributable to health and education. Average FTE growth over the forward estimates is budgeted to be 1.68%, compared to estimated population growth for Queensland of 1¾%.

The fiscal principles of the Queensland Government 2018-19

<u>Principle</u>	<u>Indicator</u>	
	<i>Debt to Revenue Ratio</i>	
Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio	Est. Actual 54%	Outcome 54%
	<i>Net operating cash flows as a proportion of net investments in non-financial assets</i>	
Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenue rather than borrowings	Est. Actual 79%	Outcome 106%
	<i>State Non-financial Sector capital program</i>	
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	Est. Actual \$11.537 billion	Outcome \$11.149 billion
	<i>Own-source revenue to gross state product ratio</i>	
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	Est. Actual 8.5%	Outcome 8.5%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice	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 2019.	
Maintain a sustainable public service by ensuring that overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth	FTE growth across forward estimates 1.7%. Average population growth across forward estimates 1¾%	

Outcomes Report - Overview and Analysis

Summary of Key UPF Financial Aggregates

Outlined in the table below are the key aggregates, by sector for 2018-19. The actual outcome for 2018-19 is compared to the estimated actual (Est. Actual) per the 2019-20 Budget.

	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	60,068	59,834	13,215	14,256	67,699	68,334
Expenses	59,226	58,842	11,679	12,587	66,965	67,367
Net operating balance	841	992	1,536	1,669	734	967
Capital purchases	6,060	5,764	2,801	2,687	8,856	8,460
Fiscal balance	(2,677)	(2,191)	1,446	1,471	(2,868)	(2,422)
Borrowing with QTC	29,933	29,468	38,208	38,108	68,141	67,576
Leases and similar arrangements	2,623	2,612	—	—	2,623	2,612
Securities and derivatives	122	121	549	599	671	720

Notes:

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

General Government Sector

General Government Revenue	2018-19 Est. Actual \$ million	2018-19 Outcome \$ million
	Taxation revenue	14,005
Grants revenue	28,709	28,307
Sales of goods and services	5,869	5,789
Interest income	2,247	2,191
Dividend and income tax equivalent income	2,661	2,786
Other revenue	6,575	6,596
Total Revenue	60,068	59,834

Note:

- Numbers may not add due to rounding.

Total GGS revenue was \$234 million lower than the 2019-20 Budget estimated actual for 2018-19. Grant revenue was down due to a lower than expected national GST pool and revised timing of Commonwealth road infrastructure milestone payments. Offsetting these decreases were higher taxation revenue, primarily due to additional transfer duty on large commercial transactions, and stronger dividend and income tax equivalent income, mainly due to the improved operating position of the Government-owned electricity network businesses.

General Government Expenses	2018-19 Est. Actual \$ million	2018-19 Outcome \$ million
	Employee expenses	24,096
Superannuation expenses		
Superannuation interest cost	642	642
Other superannuation expenses	3,044	3,012
Other operating expenses	16,791	16,490
Depreciation and amortisation	3,449	3,451
Other interest expenses	1,514	1,581
Grant expenses	9,691	9,647
Total Expenses	59,226	58,842

Note:

- Numbers may not add due to rounding.

Total GGS expenses for 2018-19 were \$384 million (0.6%) lower than expected in the 2019-20 Budget estimated actual for 2018-19.

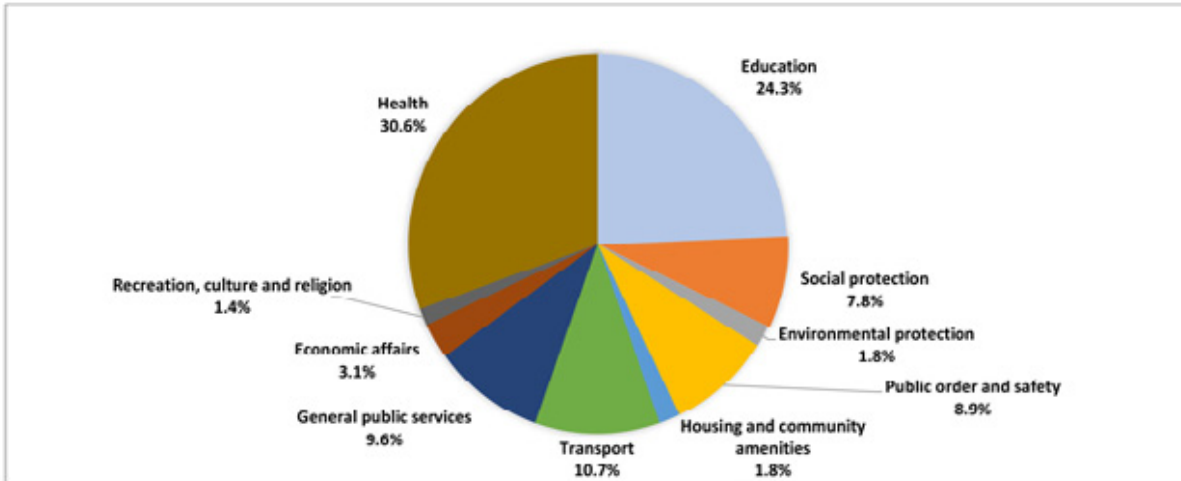
Employee expenses and other superannuation expenses were \$108 million lower than the estimated actual, which is borne out by lower than budgeted FTEs. Other operating expenses were \$301 million lower mainly due to the timing of health expenses.

Outcomes Report - Overview and Analysis

Summary of Key UPF Financial Aggregates continued

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: Expenses by Function¹ (General Government Sector) 2018-19



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

Net Operating Balance

The net operating balance is the net of revenue and expenses from transactions and was \$992 million compared to the estimated actual in the 2019-20 Budget of \$841 million. Lower revenue was more than offset by lower expenses, as discussed above.

Capital Purchases

GGS purchases of non-financial assets totalled \$5.764 billion which was \$297 million (or 4.9%) lower than the 2019-20 Budget estimate for 2018-19 capital purchases. This represents the actual cash outlay per the Cash Flow Statement. There were also accruals at year end for work completed but not yet settled.

Fiscal Balance

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

The fiscal balance for 2018-19 has improved by \$487 million since the 2019-20 Budget to a deficit of \$2.191 billion, mainly due to the improved operating position and lower than estimated capital purchases.

Borrowing

Gross borrowing with QTC was \$29.468 billion, compared to \$29.256 billion in 2017-18, and was \$465 million lower than the 2019-20 Budget estimated actual projection.

Leases and similar arrangements were \$2.612 billion at year end, \$11 million lower than estimated.

Net Worth

The General Government's net worth was \$201.505 billion as at 30 June 2019, \$5.308 billion higher than the estimated actual included in the 2019-20 Budget. The increase related mainly to an upwards revaluation of land under roads and road infrastructure.

Net Debt

Net debt is the sum of deposits held, advances received and borrowings less cash and deposits, advances paid and investments, loans and placements. These financial assets exceeded these financial liabilities in the GGS by \$198 million at 30 June 2019. This reflects a \$1.859 billion improvement on the estimated actual forecast net debt of \$1.661 billion.

The improvement is primarily due to higher cash balances and lower borrowing with QTC resulting from improved net cash flows from operating activities and lower purchases of non-financial assets, as well as an increase in the valuation of investments, loans and placements.

Operating Result

The operating result represents the result for the State under the Accounting Standards framework. The GGS operating result of \$173 million differs from the net operating balance as it includes valuation adjustments such as gains and losses on financial and non-financial assets.

Outcomes Report - Overview and Analysis

Summary of Key UPF Financial Aggregates continued

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 increase from the estimated actual to the actual comprehensive result was due mainly to the revaluations of non-financial assets discussed above.

Public Non-financial Corporations (PNFC) Sector

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

- The PNFC Sector recorded a net operating surplus of \$1.669 billion, \$133 million higher than forecast. Both revenue and expenses were higher than forecast, in part due to higher than expected demand and pricing for electricity.
- The fiscal balance was a surplus of \$1.471 billion, compared to an estimated surplus of \$1.446 billion.
- PNFC borrowing with QTC was \$38.108 billion at year end, \$100 million lower than estimated in the 2019-20 Budget.

State Financial Sector (SFS)

The State Financial Sector is the GFS terminology used for the consolidation of all State Government departments and other General Government entities, Public Non-financial Corporations, Public Financial Corporations and their controlled entities. The equivalent term for SFS used in the AASB 1049 section of this report is Total State Sector. All material inter-entity and intra-entity transactions and balances have been eliminated to the extent practicable.

- The net operating balance for 2018-19 was a deficit of \$1.086 billion, while the operating result was a deficit of \$4.048 billion as it includes over \$4.7 billion in unrealised market value adjustments for QTC's external borrowings and derivatives, following the fall in long term yields. QTC's market value interest expense is partly offset by its earnings on its long term investments managed by QIC.
- Purchases of non-financial assets for the SFS were \$8.485 billion.
- The net worth was \$191.747 billion, an increase of \$1.612 billion to that published in 2017-18 due to upwards revaluation of non-financial assets more than offsetting the market value increase in QTC's external borrowings and derivatives.

2018-19 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)	Outcome ^(c)	
Revenue from Transactions										
Taxation revenue	14,005	14,165	—	—	13,724	13,876	—	—	13,870	
Grants revenue	28,709	28,307	561	605	28,745	28,338	—	—	28,239	
Sales of goods and services	5,869	5,789	12,142	13,060	15,854	16,684	2,360	2,360	18,713	
Interest income	2,247	2,191	67	80	2,270	2,219	4,349	4,349	1,678	
Dividend and income tax equivalent income	2,661	2,786	13	13	149	160	—	—	15	
Other revenue	6,575	6,596	433	497	6,957	7,057	63	63	7,111	
Total Revenue from Transactions	60,068	59,834	13,215	14,256	67,699	68,334	6,772	6,772	69,627	
Less Expenses from Transactions										
Employee expenses	24,096	24,019	2,010	1,877	25,987	25,786	366	366	25,877	
Superannuation expenses	642	642	—	(12)	642	630	—	—	630	
Superannuation interest cost	3,044	3,012	212	223	3,256	3,235	24	24	3,258	
Other superannuation expenses	16,791	16,490	3,903	5,080	18,481	19,349	2,284	2,284	21,622	
Other operating expenses	3,449	3,451	2,776	2,585	6,225	6,036	15	15	6,051	
Depreciation and amortisation	1,514	1,581	1,876	1,860	3,192	3,233	5,893	5,893	4,177	
Other interest expenses	9,691	9,647	16	26	9,182	9,098	99	99	9,098	
Grants expenses	—	—	886	948	—	—	36	36	—	
Other property expenses	59,226	58,842	11,679	12,587	66,965	67,367	8,716	8,716	70,712	
Total Expenses from Transactions	59,226	58,842	11,679	12,587	66,965	67,367	8,716	8,716	70,712	
Equals Net Operating Balance	841	992	1,536	1,669	734	967	(1,944)	(1,944)	(1,086)	
Other economic flows - included in operating result	(938)	(819)	227	179	(785)	(742)	1,963	1,963	(2,962)	
Operating Result	(97)	173	1,763	1,848	(51)	225	19	19	(4,048)	
Other economic flows - other movements in equity	585	5,624	(796)	(1,116)	539	5,570	(824)	(824)	5,660	
Comprehensive Result - Total Change in Net Worth ^(d)	488	5,796	967	732	488	5,795	(805)	(805)	1,612	
KEY FISCAL AGGREGATES										
Net Operating Balance	841	992	1,536	1,669	734	967	(1,944)	(1,944)	(1,086)	
Net Acquisition/(Disposal) of Non-financial Assets										
Purchases of non-financial assets	6,060	5,764	2,801	2,687	8,856	8,460	24	24	8,485	
Less Sales of non-financial assets	292	312	44	33	335	345	61	61	405	
Less Depreciation	3,449	3,451	2,776	2,585	6,225	6,036	15	15	6,051	
Plus Change in inventories	47	61	36	29	83	90	—	—	90	
Plus Other movements in non-financial assets	1,152	1,121	72	100	1,224	1,221	—	—	1,221	
Equals Total Net Acquisition of Non-financial Assets	3,518	3,182	90	198	3,602	3,390	(51)	(51)	3,339	

<i>Equals</i>	Fiscal Balance	(2,677)	(2,191)	1,446	1,471	(2,868)	(2,422)	(1,893)	(4,425)
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Notes:

- (a) Numbers may not add due to rounding.
- (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.

Report on State Finances 2018–19 – Queensland Government

2018-19 Balance Sheet by Sector (\$ million)

Assets	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	Est. Actual	Outcome ^(c)	Est. Actual	Outcome ^(c)
Financial assets										
Cash and deposits	489	1,868	599	704	1,088	2,571	1,674	2,291		
Advances paid	676	667	1,869	2,268	670	661	—	661		
Investments, loans and placements	32,125	32,557	545	642	32,669	33,199	145,236	71,756		
Receivables	4,377	4,503	1,703	1,874	4,142	4,247	372	4,562		
Equity										
Investments in other public sector entities	23,951	23,049	—	—	4,080	3,412	—	—		
Investments - other	151	150	250	297	401	446	—	446		
Total financial assets	61,769	62,793	4,967	5,784	43,050	44,536	147,282	79,716		
Non-financial Assets										
Land and other fixed assets	205,180	211,257	63,881	63,530	269,060	274,787	136	274,923		
Other non-financial assets	6,634	6,700	1,220	893	1,187	992	63	885		
Total Non-financial Assets	211,814	217,957	65,101	64,423	270,248	275,779	199	275,808		
Total assets	273,583	280,750	70,068	70,207	313,298	320,315	147,481	355,525		
Liabilities										
Payables	4,265	5,142	3,183	3,395	5,537	6,438	121	6,502		
Superannuation liability	26,739	26,986	(368)	(263)	26,371	26,723	—	26,723		
Other employee benefits	7,073	7,428	719	830	7,792	8,259	138	8,397		
Deposits held	2	—	17	14	19	14	7,173	5,233		
Advances received	2,270	2,692	6	6	400	424	—	424		
Borrowing with QTC	29,933	29,468	38,208	38,108	68,141	67,576	—	—		
Leases and other similar arrangements	2,623	2,612	—	—	2,623	2,612	353	2,965		
Securities and derivatives	122	121	549	599	671	720	131,412	102,786		
Other liabilities	4,358	4,796	7,883	7,880	5,546	6,045	4,873	10,748		
Total liabilities	77,386	79,246	50,197	50,570	117,101	118,810	144,069	163,777		
Net Worth	196,197	201,505	19,872	19,637	196,197	201,504	3,412	191,747		
KEY FISCAL AGGREGATES										
Net Financial Worth	(15,617)	(16,452)	(45,230)	(44,786)	(74,051)	(74,274)	3,212	(84,061)		
Net Financial Liabilities	39,568	39,501	NA	NA	78,131	77,686	NA	84,061		
Net Debt	1,661	(198)	35,767	35,114	37,428	34,916	(7,973)	36,700		

Notes:

(a) Numbers may not add due to rounding.

(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.

3-8

Report on State Finances 2018–19 – Queensland Government

2018-19 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)	Outcome ^(c)	
Cash Receipts from Operating Activities										
Taxes received	14,003	14,127	—	—	13,723	13,842	—	—	13,836	
Grants and subsidies received	28,991	28,572	551	610	29,015	28,602	—	—	28,503	
Sales of goods and services	6,175	6,027	13,267	15,010	16,759	18,882	2,534	2,534	21,060	
Interest receipts	2,245	2,173	66	80	2,267	2,202	4,305	4,305	1,677	
Dividends and income tax equivalents	2,815	3,027	13	13	159	326	—	—	15	
Other receipts	8,027	8,034	286	395	8,268	8,418	111	111	8,522	
62,256	61,959	14,182	16,110	70,191	72,272	6,950	73,613			
Cash Payments for Operating Activities										
Payments for employees	(27,598)	(27,348)	(2,273)	(2,032)	(29,751)	(29,270)	(384)	(384)	(29,379)	
Payments for goods and services	(18,802)	(17,889)	(4,619)	(6,393)	(20,697)	(22,084)	(1,550)	(1,550)	(23,597)	
Grants and subsidies	(9,799)	(9,391)	(298)	(266)	(9,569)	(9,078)	(99)	(99)	(9,078)	
Interest paid	(1,513)	(1,568)	(1,876)	(1,856)	(3,192)	(3,220)	(5,832)	(4,163)	(4,163)	
Other payments	(1)	(9)	(1,395)	(1,487)	(571)	(627)	(412)	(412)	(836)	
(57,712)	(56,206)	(10,461)	(12,035)	(63,781)	(64,278)	(8,277)	(67,053)			
Net Cash Flows from Operating Activities	4,544	5,754	3,722	4,074	6,410	7,994	(1,326)	6,560		
Cash Flows from Investing Activities										
Non-financial Assets										
Purchases of non-financial assets	(6,060)	(5,764)	(2,801)	(2,687)	(8,856)	(8,460)	(24)	(24)	(8,485)	
Sales of non-financial assets	292	312	44	33	335	345	61	61	405	
(5,769)	(5,452)	(2,758)	(2,654)	(8,520)	(8,115)	37	(8,079)			
Financial Assets (Policy Purposes)	(92)	(158)	341	22	(57)	(51)	—	(51)		
Financial Assets (Liquidity Purposes)	1,426	918	(47)	77	1,379	996	1,506	1,506	1,671	
Net Cash Flows from Investing Activities	(4,434)	(4,691)	(2,464)	(2,555)	(7,197)	(7,171)	1,543	(6,459)		
Receipts from Financing Activities										
Advances received (net)	(475)	(56)	(1)	(1)	(60)	(40)	—	—	(40)	
Borrowing (net)	(452)	(440)	500	411	48	(30)	(384)	(384)	(416)	
Dividends paid	—	—	(1,850)	(1,849)	—	—	(110)	(110)	—	
Deposits received (net)	—	—	1	(1)	1	(1)	1,062	1,062	534	
Other financing (net)	—	—	110	44	—	(64)	140	140	907	
(927)	(497)	(1,240)	(1,397)	(11)	(135)	708	985			
Net Increase/(Decrease) in Cash Held	(816)	566	18	123	(798)	688	924	1,086		
KEY FISCAL AGGREGATES										
Net cash from operating activities	4,544	5,754	3,722	4,074	6,410	7,994	(1,326)	6,560		
Net cash from investments in non-financial assets	(5,769)	(5,452)	(2,758)	(2,654)	(8,520)	(8,115)	37	(8,079)		
Dividends paid	—	—	(1,850)	(1,849)	—	—	(110)	(110)	—	
Cash Surplus/(Deficit)	(1,224)	302	(886)	(429)	(2,110)	(121)	(1,400)	(1,520)		

Derivation of ABS GFS Cash Surplus/Deficit									
Cash surplus/(deficit)	(1,224)	302	(886)	(429)	(2,110)	(121)	(1,400)	(1,520)	
Acquisitions under finance leases and similar arrangements	(974)	(955)	—	—	(974)	(955)	—	(955)	
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(2,198)	(653)	(886)	(429)	(3,084)	(1,076)	(1,400)	(2,475)	

Notes:

- (a) Numbers may not add due to rounding.
- (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

	2018-19 Outcome \$ million
Taxes on employers' payroll and labour force	4,160
Taxes on property	
Land taxes	1,334
Other	541
Taxes on the provision of goods and services	
Stamp duties on financial and capital transactions	3,232
Financial Institutions' transactions taxes	156
Taxes on gambling	1,333
Taxes on insurance	1,003
Taxes on use of goods and performance of activities	
Motor vehicle taxes	2,405
Other	1
Total Taxation Revenue	14,165

Note:

1. Numbers may not add due to rounding.

General Government Sector Dividend and Income Tax Equivalent Income

	2018-19 Outcome \$ million
Dividend and Income Tax Equivalent income from PNFC sector	2,639
Dividend and Income Tax Equivalent income from PFC sector	145
Other Dividend and Income Tax Equivalent income	2
Total Dividend and Income Tax Equivalent income	2,786

Note:

1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector Grant Revenue

	2018-19 Outcome \$ million
Current grant revenue	
Current grants from the Commonwealth	
General purpose grants	14,374
Specific purpose grants	8,633
Specific purpose grants for on-passing	3,257
Total current grants from the Commonwealth	26,265
Other contributions and grants	326
Total current grant revenue	26,591
Capital grant revenue	
Capital grants from the Commonwealth	
Specific purpose grants	1,662
Specific purpose grants for on-passing	5
Total capital grants from the Commonwealth	1,667
Other contributions and grants	49
Total capital grant revenue	1,716
Total grant revenue	28,307

Note:

1. Numbers may not add due to rounding.

General Government Sector Grant Expense

	2018-19 Outcome \$ million
Current grant expenses	
Private and not-for-profit sector	2,415
Private and not-for-profit sector on-passing	2,775
Local Government	195
Local Government on-passing	492
Grants to other sectors of Government	1,607
Other	393
Total current grant expense	7,878
Capital grant expenses	
Private and not-for-profit sector	521
Local Government	1,074
Local Government on-passing	6
Grants to other sectors of Government	36
Other	132
Total capital grant expenses	1,769
Total grant expenses	9,647

Note:

1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector Expenses by Function

	2018-19 Outcome \$ million		2018-19 Outcome \$ million
General Public Services	5,637	Health	17,996
Executive and legislative organs, financial and fiscal affairs, external affairs	657	Outpatient services	2,853
General services	342	Hospital services	10,138
Public debt transactions	1,556	Mental health institutions	472
Transfers of a general character between level of government	570	Community health services	3,616
General public services n.e.c.	2,513	Public health services	409
		R&D - Health	255
		Health n.e.c.	254
Public Order and Safety	5,238	Recreation, Culture and Religion	833
Police services	2,171	Recreation and sporting services	333
Civil and fire protection services	558	Cultural services	372
Law courts	886	Recreation, culture and religion n.e.c.	128
Prisons	1,147		
Public order and safety n.e.c.	476	Education	14,310
		Pre-primary and primary education	6,926
Economic Affairs	1,806	Secondary education	4,637
General economic, commercial and labour affairs	321	Tertiary education	1,307
Agriculture, forestry, fishing and hunting	381	Subsidiary services to education	168
Fuel and energy	469	Education n.e.c.	1,272
Mining, manufacturing and construction	271		
R&D - Economic affairs	185	Social Protection	4,605
Other industries	179	Sickness and disability	1,848
		Old age	12
Environmental Protection	1,077	Family and children	1,373
Waste water management	5	Housing	425
Protection of biodiversity and landscape	719	Social exclusion n.e.c.	174
Environmental protection n.e.c.	353	Social protection n.e.c.	773
Housing and Community Amenities	1,062	Transport	6,277
Housing development	696	Road transport	2,773
Community development	116	Bus transport	67
Water supply	218	Water transport	165
Housing and community amenities n.e.c.	32	Railway transport	2,018
		Multi-mode urban transport	847
		Transport n.e.c.	407
		Total	58,842

Note:

- Numbers may not add due to rounding.

General Government Sector Purchases of Non-financial Assets by Function

	2018-19 Outcome \$ million
General public services	242
Public order and safety	417
Economic affairs	30
Environmental protection	136
Housing and community amenities	299
Health	574
Recreation, culture and religion	44
Education	844
Social protection	60
Transport	3,120
Total	5,764

Note:

- Numbers may not add due to rounding.

Certification of Outcomes Report

Management Certification

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

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

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

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

- (i) the Operating Statement and Cash Flows of the Queensland State Government for the financial year; and
- (ii) the Balance Sheet of the Government at 30 June 2019.

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

Glenn Miller, CPA
Acting Head of Budget and Financial Management
Queensland Treasury

Frankie Carroll, CA FCCA GAICD AITI
Under Treasurer
Queensland Treasury

22 January 2020



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	
	2019 \$ million	2018 \$ million	2019 \$ million	2018 \$ million
Taxation revenue	14,165	13,244	13,870	12,983
Grants revenue	28,307	27,966	28,239	27,912
Sales of goods and services	5,789	5,884	18,713	18,304
Interest income	2,191	2,389	1,678	1,569
Dividend and income tax equivalent income	2,786	2,920	15	14
Other revenue	6,596	5,685	7,111	6,231
Continuing Revenue from Transactions	59,834	58,087	69,627	67,012
Employee expenses	24,019	22,681	25,877	24,357
Superannuation expenses	3,654	3,409	3,888	3,637
Other operating expenses	16,490	17,259	21,622	21,668
Depreciation and amortisation	3,451	3,326	6,051	5,840
Other interest expense	1,581	1,614	4,177	4,127
Grants expenses	9,647	8,048	9,098	7,469
Continuing Expenses from Transactions	58,842	56,337	70,712	67,099
Net Operating Balance	992	1,750	(1,086)	(86)
Other Economic Flows - Included in Operating Result	(819)	(1,110)	(2,962)	1,432
Operating Result	173	640	(4,048)	1,346
Other Economic Flows - Other Movements in Equity	6,294	(591)	6,331	(594)
Comprehensive Result ¹	6,467	50	2,283	752
Purchases of non-financial assets	5,764	5,126	8,485	7,659
Fiscal Balance	(2,191)	(587)	(4,425)	(2,501)
Borrowing with QTC	29,468	29,256	—	—
Leases and other loans	2,612	2,142	2,965	2,467
Securities and derivatives	121	122	102,786	96,708
Assets	280,750	270,683	355,525	341,879
Liabilities	79,246	75,645	163,777	152,415
Net Worth	201,505	195,038	191,747	189,464

Note:

1. Comprehensive result is different to the Outcomes Report as it reflects the movement from the 2018 recast position, rather than the 2018 published position.

AASB 1049 - Overview and Analysis

Net Operating Balance

The General Government Sector (GGS) net operating balance was a surplus of \$992 million compared to a restated surplus of \$1.75 billion in 2017-18.

GGS revenue grew by around 3% (\$1.746 billion) while expenses grew by around 4% (\$2.505 billion) over the year.

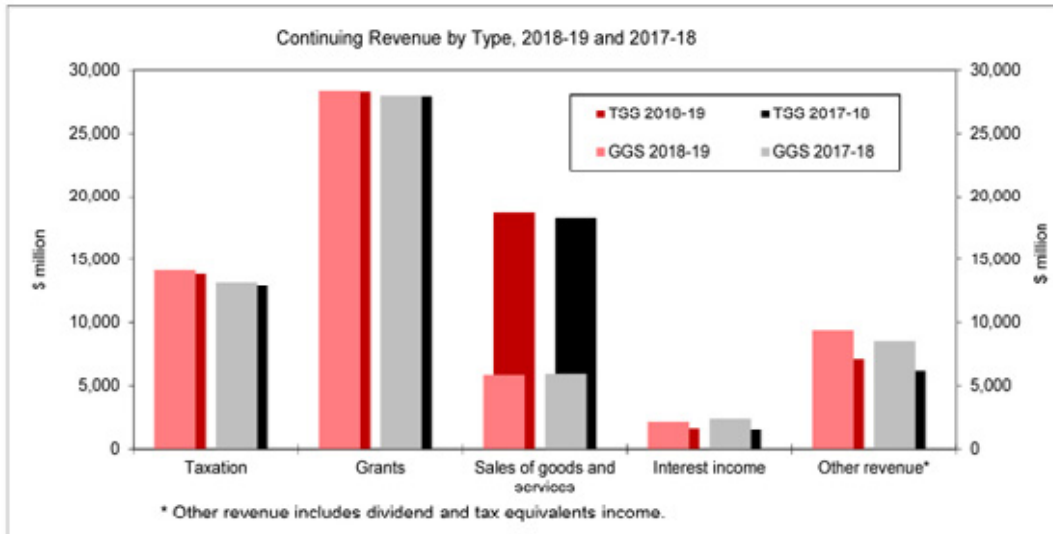
The Total State Sector (TSS) net operating balance showed a deficit of \$1.086 billion compared to a restated deficit of \$86 million in 2017-18.

The variances are explained below.

Revenue

Revenue from transactions increased from \$58.087 billion in 2017-18 to be \$59.834 billion in the GGS and totals \$69.627 billion in the TSS, an increase of \$2.615 billion over 2017-18.

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



Taxation revenue increased in 2018-19 by \$921 million for GGS and \$887 million for the TSS. This mainly reflects increased collections in almost all categories. Payroll tax increased \$254 million resulting from improvements in mining and construction activity. Stamp duty collections were \$246 million higher, mainly transfer duty on large transactions.

Commonwealth and other grants comprised 47% of GGS revenue and 41% of TSS revenue. Grant revenue increased \$341 million from 2017-18 for the GGS and \$327 million for the TSS. The increase was primarily due to

- specific purpose payments from the Commonwealth which increased \$824 million, mainly for health and education services;
- National Partnership Payments which increased \$95 million (mainly for NDRRA);
- grants for on-passing were \$239 million higher, mainly to non-state schools.

These increases were partly offset by lower GST of \$797 million (lower relativities).

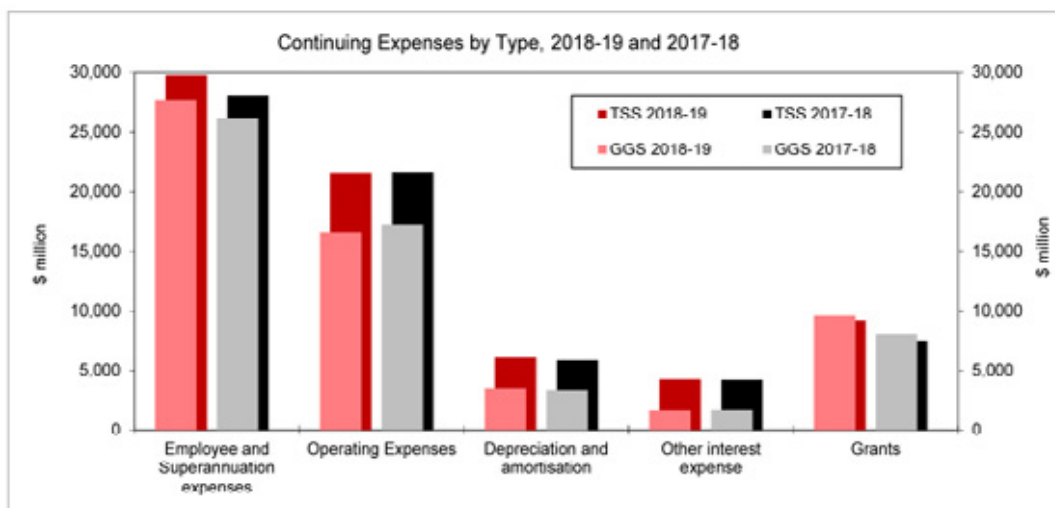
Dividend and income tax revenue for the GGS was lower in 2018-19 mainly due to the lower returns from the electricity sector.

GGS other revenue was \$911 million higher in 2018-19 than 2017-18 mainly due to higher coal royalties. This increase flows through to the TSS.

Expenses

Total expenses for 2018-19 were \$58.842 billion for the GGS and \$70.712 billion for the TSS, \$2.505 billion and \$3.614 billion more than the previous year respectively.

Expenses by type are shown in the following chart:



Employee and superannuation expenses were 6% higher in 2018-19, 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 \$769 million lower than 2017-18 for the GGS, mainly due to the Commonwealth Games in 2017-18 and the transition of provision of disability services to the NDIS, which is expensed as a grant to the Commonwealth from the State. TSS other operating expenses were \$46 million lower for the TSS due to higher costs in the electricity sector and for WorkCover, offsetting the lower expenses in the GGS.

Depreciation and amortisation increased by \$125 million for the GGS and \$211 million for the TSS, due to increases in infrastructure.

Interest costs decreased by \$33 million to \$1.581 billion for the GGS in 2018-19, due to lower interest rates on QTC debt, partly offset by interest on new finance leases.

Grant expenses increased \$1.599 billion in the GGS, mainly due to the transition of disability services to the NDIS, increases in the on-passing of Commonwealth grants for education and grants to councils for the Waste Levy, Haughton Pipeline, disaster relief and returned works.

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 2018-19 year was a surplus of \$173 million (2017-18: \$640 million). The difference in the result compared to 2017-18 is due to the lower net operating balance, discussed above, partly offset by lower actuarial adjustments to the long service leave liability and the market value adjustment to the fixed rate notes with QTC.

The TSS operating result was a deficit of \$4.048 billion compared to a surplus of \$1.346 billion in 2017-18. The lower result in 2018-19 arose mainly from the lower net operating balance as well as the net effect of realised and unrealised market value adjustments to derivatives, investments and borrowings.

AASB 1049 - Overview and Analysis

Fiscal Balance

The GGS fiscal deficit was \$2.191 billion for 2018-19 compared to a deficit of \$587 million for 2017-18. The TSS fiscal deficit was \$4.425 billion for 2018-19 compared to a deficit of \$2.501 billion for 2017-18 due to the lower net operating balance and higher purchases of non-financial assets.

Assets

Assets controlled by the GGS at 30 June 2019 totalled \$280.75 billion, an increase of \$10.067 billion on 2017-18, while assets controlled by the TSS at 30 June 2019 totalled \$355.525 billion (2018: \$341.879 billion), an increase of \$13.645 billion.

Financial assets in the GGS were \$85 million lower than 2017-18, with higher cash balances offset by the lower balance on the fixed rate notes.

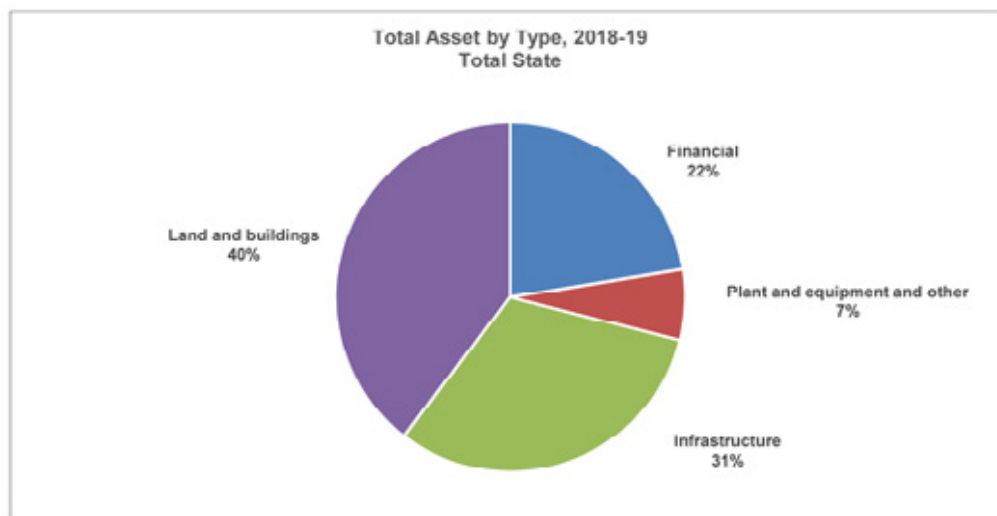
Financial assets of the State increased by \$2.552 billion, mainly reflecting higher cash balances (\$1.086 billion) and securities and bonds invested by QTC from forward funding and client deposits.

Non-financial assets increased by \$10.152 billion in the GGS due to revaluations of land under roads and road infrastructure, as well as capital purchases exceeding depreciation. The increase at the TSS level was \$11.093 billion.

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

	General Government \$M	Total State \$M
Financial	62,793	79,716
Infrastructure	57,291	111,827
Land and buildings	136,737	140,828
Plant and equipment and other	23,929	23,154
	<u>280,750</u>	<u>355,525</u>

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



AASB 1049 - Overview and Analysis

Liabilities

Liabilities at 30 June 2019 totalled \$79.246 billion for the GGS and \$163.777 billion for the TSS, an increase of \$3.601 billion over 2017-18 for the GGS and an increase of \$11.362 billion for the State.

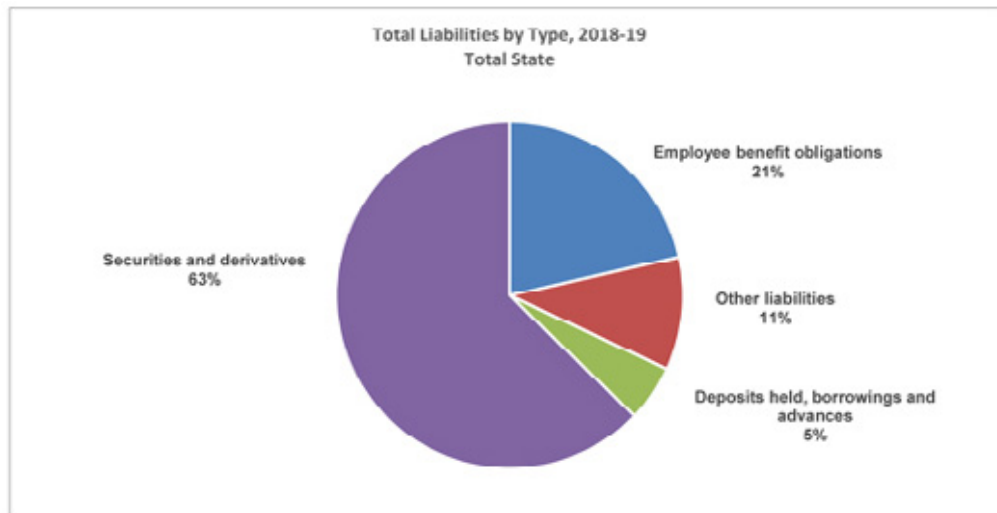
The overall change in liabilities for the GGS arose largely from increases in the superannuation and long service leave liabilities, mainly due to lower discount rates, as well as higher other employee entitlements. Provisions increased for Stolen Wages and compensation of victims of sexual abuse, while operating and capital payables were higher due to timing differences on payments. Debt from QTC was \$212 million higher following withdrawals from the redraw facility, and net new financing of PPPs such as the Toowoomba Second Range Crossing increased leases and other loans by \$470 million.

For the TSS, securities and derivatives, largely held by QTC, have increased \$6.078 billion, mainly due to market value adjustments. Provisions have increased by \$1.85 billion, mainly for WorkCover and the National Injury Insurance Scheme, in addition to the increase in the GGS.

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

	General Government \$M	Total State \$M
Securities and derivatives	121	102,786
Deposits held, borrowings and advances	34,772	8,622
Employee benefit obligations	34,414	35,119
Other liabilities	9,938	17,250
	79,246	163,777

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



Cash Flow Statement

The GGS recorded positive net cash flows from operating activities of \$5.754 billion which were used to fund net investments in non-financial assets of \$5.452 billion, resulting in a cash surplus of \$302 million (2018: \$337 million).

The TSS recorded net cash flows from operating activities for the 2018-19 financial year of \$6.56 billion. This has financed net investments in non-financial assets of \$8.079 billion, resulting in a cash deficit of \$1.52 billion (2018: \$680 million deficit).

2018–19
Audited Information

Queensland General Government and
Whole of Government Consolidated
Financial Statements
30 June 2019



**Operating Statement for Queensland
for the Year Ended 30 June 2019**

	Notes	General Government Sector		Total State Sector	
		2019 \$M	2018 \$M	2019 \$M	2018 \$M
Continuing Operations Revenue from Transactions					
Taxation revenue	3	14,165	13,244	13,870	12,983
Grants revenue	4	28,307	27,966	28,239	27,912
Sales of goods and services	5	5,789	5,884	18,713	18,304
Interest income	6	2,191	2,389	1,678	1,569
Dividend and income tax equivalent income	7	2,786	2,920	15	14
Other revenue	8	6,596	5,685	7,111	6,231
Continuing Operations Total Revenue from Transactions		59,834	58,087	69,627	67,012
<i>Less</i> Continuing Operations Expenses from Transactions					
Employee expenses	9	24,019	22,681	25,877	24,357
Superannuation expenses					
Superannuation interest cost	48	642	667	630	656
Other superannuation expenses	10	3,012	2,741	3,258	2,981
Other operating expenses	11	16,490	17,259	21,622	21,668
Depreciation and amortisation	12	3,451	3,326	6,051	5,840
Other interest expense	13	1,581	1,614	4,177	4,127
Grants expenses	14	9,647	8,048	9,098	7,469
Continuing Operations Total Expenses from Transactions		58,842	56,337	70,712	67,099
Equals Net Operating Balance		992	1,750	(1,086)	(86)
<i>Add</i> Continuing Operations Other Economic Flows - Included in Operating Result *					
Gains/(losses) on sale of assets/settlement of liabilities	15	42	29	346	177
Revaluation increments/(decrements) and impairment (losses)/reversals	16	(307)	(79)	1,919	1,675
Asset write-downs	17	(167)	(239)	(191)	(314)
Actuarial adjustments to liabilities	18	(398)	(794)	(687)	(797)
Deferred income tax equivalents		(70)	(42)	—	—
Dividends and tax equivalents treated as capital returns	19	102	50	—	—
Other	20	(21)	(34)	(4,350)	692
Continuing Operations Total Other Economic Flows - Included in Operating Result		(819)	(1,110)	(2,962)	1,432
Equals Operating Result from Continuing Operations		173	640	(4,048)	1,346
<i>Add</i> Other Economic Flows - Other Movements in Equity **					
Adjustments to opening balances ***		48	57	48	57
Revaluations****	21	6,246	(648)	6,282	(651)
Other****	22	—	—	1	—
Total Other Economic Flows - Other Movements in Equity		6,294	(591)	6,331	(594)
Equals Comprehensive Result/Total Change in Net Worth		6,467	50	2,283	752
KEY FISCAL AGGREGATES					
Net Operating Balance		992	1,750	(1,086)	(86)
<i>Less</i> Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		5,764	5,126	8,485	7,659
<i>Less</i> Sales of non-financial assets		312	292	405	347
<i>Less</i> Depreciation		3,451	3,326	6,051	5,840
<i>Plus</i> Change in inventories		61	13	90	49
<i>Plus</i> Other movement in non-financial assets		1,121	815	1,221	894
Equals Total Net Acquisition/(Disposal) of Non-Financial Assets		3,182	2,337	3,339	2,415
Equals Fiscal Balance		(2,191)	(587)	(4,425)	(2,501)

* 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.

**Operating Statement for Queensland
for the Year Ended 30 June 2019**
continued

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019 \$M</i>	<i>2018 \$M</i>	<i>2019 \$M</i>	<i>2018 \$M</i>
Analysis of Other Economic Flows - Other Movements in Equity				
Adjustments to opening balances	48	57	48	57
Per AASB 7 <i>Financial Instruments: Disclosures</i> , Other Movements in Equity per page 5-01 are required to be classified as follows:				
Items that will not be reclassified subsequently to Operating Result				
Increments/(decrements) in asset revaluation surplus	7,430	(1,931)	7,641	(923)
Increments/(decrements) on investments	(33)	1,262	2	15
Actuarial gains/(losses) on defined benefit superannuation plans (net of tax)	(1,098)	(86)	(1,161)	(50)
Other	—	—	1	—
Total items that will not be reclassified subsequently to Operating Result	6,299	(755)	6,483	(958)
Items that may be reclassified subsequently to Operating Result				
Increments/(decrements) on cash flow hedges (net of tax)	(64)	108	(211)	308
Increments/(decrements) on financial assets at fair value through other comprehensive income	11	(1)	11	(1)
Total items that may be reclassified subsequently to Operating Result when certain conditions are met	(53)	107	(201)	306
Total Other Economic Flows - Other Movements in Equity	6,294	(591)	6,331	(594)

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

Balance Sheet for Queensland as at 30 June 2019

	Notes	General Government Sector		Total State Sector	
		2019 \$M	2018 \$M	2019 \$M	2018 \$M
Assets					
Financial Assets					
Cash and deposits	23	1,868	1,302	2,291	1,205
Receivables and loans					
Receivables	24(a)	4,503	4,743	4,562	4,406
Advances paid	24(b)	667	629	661	622
Loans paid	24(c)	206	206	10,171	9,753
Securities other than shares	25(a)	32,351	32,638	61,585	60,784
Shares and other equity investments					
Investments in public sector entities	25(b)	23,049	23,203	—	—
Investments in other entities	25(c)	1	8	297	245
Investments accounted for using the equity method	26(a)	149	149	149	149
Total Financial Assets		62,793	62,878	79,716	77,164
Non-Financial Assets					
Inventories	28	597	533	1,246	1,225
Assets held for sale	29	145	184	160	272
Investment properties	30	353	371	671	685
Property, plant and equipment	32	209,380	198,559	271,580	259,937
Intangibles	33	816	806	1,555	1,528
Deferred tax asset		6,204	6,420	—	—
Other non-financial assets	34	463	931	597	1,067
Total Non-Financial Assets		217,957	207,805	275,808	264,715
Total Assets		280,750	270,683	355,525	341,879
Liabilities					
Payables	35	5,142	4,438	6,502	5,941
Employee benefit obligations					
Superannuation liability	36(a)	26,986	26,000	26,723	25,632
Other employee benefits	36(b)	7,428	6,698	8,397	7,600
Deposits held	37(a)	—	—	5,233	4,699
Advances	37(b)	2,692	2,747	424	462
Borrowing with QTC	37(c)	29,468	29,256	—	—
Leases and other loans	37(d)	2,612	2,142	2,965	2,467
Securities and derivatives	37(e)	121	122	102,786	96,708
Deferred tax liability		528	582	—	—
Provisions	38	3,217	2,584	8,892	7,042
Other liabilities	39	1,052	1,076	1,856	1,863
Total Liabilities		79,246	75,645	163,777	152,415
Net Assets		201,505	195,038	191,747	189,464
Net Worth					
Accumulated surplus		88,883	89,002	79,878	84,851
Reserves		112,621	106,035	111,869	104,613
Total Net Worth		201,505	195,038	191,747	189,464
KEY FISCAL AGGREGATES					
Net Financial Worth		(16,452)	(12,767)	(84,061)	(75,251)
Net Financial Liabilities		39,501	35,970	84,061	75,251
Net Debt		(198)	(509)	36,700	31,973

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 2019**

	Opening Balance \$M	Adjustments to Opening Balances \$M	Comprehensive Result for Period				Closing Balance \$M
			Movements \$M	Transfers / Entity Cessation \$M	Actuarial Gain / Loss on Superannuation \$M		
2019							
Accumulated surplus ¹	89,002	771	173	36	(1,098)	88,883	
Revaluation reserve - financial assets ²	16,491	(722)	(86)	(11)	—	15,672	
Revaluation reserve - non-financial assets ³	89,438	—	7,430	(31)	—	96,837	
Other reserves	107	—	—	6	—	112	
Total equity at the end of the financial year	195,038	48	7,517	—	(1,098)	201,505	
	<i>Opening Balance</i> \$M	<i>Adjustments to</i> <i>Opening Balances</i> \$M	<i>Comprehensive Result for Period</i> ⁷				<i>Closing</i> <i>Balance</i> \$M
2018							
Accumulated surplus ⁴	87,740	26	640	682	(86)	89,002	
Revaluation reserve - financial assets ⁵	15,042	79	1,369	1	—	16,491	
Revaluation reserve - non-financial assets ⁶	92,099	(48)	(1,931)	(683)	—	89,438	
Other reserves	106	—	—	1	—	107	
Total equity at the end of the financial year	194,988	57	79	—	(86)	195,038	

The following notes relate to current year opening balance adjustments to equity:

1. The current year accumulated surplus opening balance has increased by \$771 million primarily as a result of a fair value adjustment to the fixed rate notes asset with QTC and other investments on adoption of AASB 9 *Financial Instruments*. (Refer Note 1(e))
2. The current year financial asset revaluation reserve opening balance has decreased by \$722 million. This is the change in the GGS's Net Worth after the fair value adjustment to the QTC fixed rate note.

The following note relates to equity movements in the current year:

3. 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.

The following notes relate to prior year adjustments to equity:

4. The opening accumulated surplus has increased by \$26 million, mainly as a result of a re-statement by Queensland Health in relation to demolition works on the former Gold Coast Hospital land, and an adjustment to costs on land sales by Economic Development Queensland. The movement in accumulated surplus for the period includes a prior year decrease of \$728 million which is mainly due to an actuarial revision (increase) in the long service leave liability of \$725 million following a modelling revision.

5. The opening in financial asset revaluation reserve includes a prior year increase of \$79 million, mainly in relation to changes in value of the Public Non-financial Corporations Sector infrastructure.
6. The opening non-financial asset revaluation reserve has decreased by \$48 million due to a revision in the value of the Southbank Education and Training precinct.
7. 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.

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Audited Consolidated Financial Statements 2018–19 – Queensland Government

**Statement of Changes in Net Assets (Equity) for Queensland Total State Sector
for the Year ended 30 June 2019
Continued**

	Opening Balance \$M	Adjustments to Opening Balances \$M	Comprehensive Result for Period				Closing Balance \$M
			Movements \$M	Transfers / Entity Cessation \$M	Actuarial Gain / Loss on Superannuation ¹ \$M		
2019							
Accumulated surplus ²	84,851	111	(4,048)	124	(1,161)	79,878	
Revaluation reserve - financial assets ³	1,025	(63)	(198)	(11)	—	753	
Revaluation reserve - non-financial assets	101,667	—	7,641	(89)	—	109,218	
Other reserves	1,921	—	—	(23)	—	1,898	
Total equity at the end of the financial year	189,464	48	3,395	1	(1,161)	191,747	
	<i>Opening Balance \$M</i>	<i>Adjustments to Opening Balances \$M</i>	<i>Movements \$M</i>	<i>Comprehensive Result for Period⁶</i>		<i>Closing Balance \$M</i>	
2018							
Accumulated surplus ⁴	83,042	108	1,346	406	(50)	84,851	
Revaluation reserve - financial asset	705	(3)	322	1	—	1,025	
Revaluation reserve - non-financial assets ⁵	103,359	(48)	(923)	(721)	—	101,667	
Other reserves	1,607	—	—	315	—	1,921	
Total equity at the end of the financial year	188,712	57	744	—	(50)	189,464	

1. Refer to Note 49 - Retirement Benefit Obligations.

The following notes relate to current year opening balance adjustments to equity:

- The current year accumulated surplus opening balance has increased by \$111 million, due to the effect of the adoption of AASB 9 *Financial Instruments* on investments and derivatives.
- The current year 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 *Financial Instruments*.

The following notes relate to prior year adjustments to equity:

- The opening accumulated surplus has increased by \$108 million, mainly as a result of the reversal of prior year infrastructure impairment losses on water infrastructure. The movement in accumulated surplus for the period includes a prior year decrease of \$728 million which is mainly due to an actuarial revision (increase) in the long service leave liability of \$725 million following a modelling revision.
- The opening non-financial asset revaluation reserve has decreased by \$48 million due to a revision in the value of the Southbank Education and Training precinct.

6. Adjustments to opening balances are included as part of the comprehensive result on the face of the Operating Statement as they represent changes to the comprehensive result in prior periods.

**Cash Flow Statement for Queensland
for the Year Ended 30 June 2019**

	Notes	General Government Sector 2019 \$M	2018 \$M	Total State 2019 \$M	Sector 2018 \$M
Cash Flows from Operating Activities					
Cash received					
Taxes received		14,127	13,232	13,836	12,977
Grants and subsidies received		28,572	28,020	28,503	27,965
Sales of goods and services		6,027	5,919	21,060	20,335
Interest receipts		2,173	2,389	1,677	1,667
Dividends and income tax equivalents		3,027	2,668	15	14
Other receipts		8,034	6,991	8,522	7,567
		61,959	59,218	73,613	70,524
Cash paid					
Payments for employees		(27,348)	(25,964)	(29,379)	(27,820)
Payments for goods and services		(17,889)	(18,488)	(23,597)	(23,536)
Grants and subsidies paid		(9,391)	(8,014)	(9,078)	(7,602)
Interest paid		(1,568)	(1,580)	(4,163)	(4,097)
Other payments		(9)	(1)	(836)	(837)
		(56,206)	(54,047)	(67,053)	(63,893)
Net Cash Flows from Operating Activities	40(a)	5,754	5,171	6,560	6,632
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets		(5,764)	(5,126)	(8,485)	(7,659)
Sales of non-financial assets		312	292	405	347
		(5,452)	(4,834)	(8,079)	(7,312)
Financial Assets (Policy Purposes)					
Equity acquisitions		(270)	(4)	—	(4)
Equity disposals		164	557	2	7
Advances and concessional loans paid		(165)	(166)	(164)	(166)
Advances and concessional loans received		113	147	112	147
		(158)	534	(51)	(15)
Financial Assets (Liquidity Purposes)					
Purchases of investments		(2,817)	(5,643)	(50,475)	(53,146)
Sales of investments		3,735	4,549	52,147	54,392
		918	(1,094)	1,671	1,245
Net Cash Flows from Investing Activities		(4,691)	(5,394)	(6,459)	(6,082)
Cash Flows from Financing Activities					
Cash received					
Advances received		3,070	3,254	2	—
Proceeds of borrowing		174	137	688	475
Deposits received		—	—	1,117	555
Other financing (including interest bearing liabilities)		—	—	54,042	53,038
		3,245	3,391	55,849	54,068
Cash paid					
Advances paid		(3,127)	(2,349)	(42)	(34)
Borrowing repaid		(615)	(542)	(1,104)	(637)
Deposits withdrawn		—	(2)	(583)	(921)
Other financing (including interest bearing liabilities)		—	—	(53,135)	(54,406)
		(3,741)	(2,893)	(54,864)	(55,998)
Net Cash Flows from Financing Activities		(497)	499	985	(1,930)
Net Increase/(Decrease) in Cash and Deposits Held		566	275	1,086	(1,380)
Cash and deposits at the beginning of the financial year		1,302	1,027	1,205	2,586
Cash and Cash Equivalents Held at the End of the Financial Year	23	1,868	1,302	2,291	1,205
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		5,754	5,171	6,560	6,632
Net Cash Flow from Investments in Non-Financial Assets		(5,452)	(4,834)	(8,079)	(7,312)
CASH SURPLUS/(DEFICIT)		302	337	(1,520)	(680)
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		302	337	(1,520)	(680)
Acquisitions under finance leases and similar arrangements		(955)	(584)	(955)	(584)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		(653)	(247)	(2,475)	(1,264)

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

The ABS GFS Manual provides the basis upon which GFS information contained in the financial report is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, total change in net worth, fiscal balance 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.

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.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(d) Compliance with prescribed requirements

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

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

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

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

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

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

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

(e) New and changed accounting standards

Accounting standards applied for the first time in 2018-19

AASB 9 *Financial Instruments* became effective for the State from 1 July 2018. Comparative information for 2017-18 has not been restated and continues to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The following summarises the impact of AASB 9.

- For the GGS, the fixed rate note asset has been reclassified from held-to-maturity (amortised cost) to fair value through profit or loss as it does not meet the 'solely payments of principal and interest' test under AASB 9. This resulted in a \$722 million increase in the carrying amount of the fixed rate notes at 1 July 2018.
- Certain GGS equity investments were previously measured at cost, which is no longer a permitted basis under AASB 9. These investments have been reclassified to fair value through profit or loss (FVTPL) with an increase of \$41 million in their carrying amounts. The shares in an unlisted company, to which most of the increase is attributed, were sold during the year.
- Trade receivables continue to be measured at amortised cost, similar to the previous classification of loans and receivables. However, new impairment requirements have resulted in a loss allowance being applied to all receivables rather than only to those receivables that are credit impaired. The State has adopted the simplified approach under AASB 9 and measures lifetime expected credit losses on all trade receivables and contract assets. The adoption of AASB 9 and the State's accounting policy choices have resulted in a net \$9 million decrease in the loss allowance on 1 July 2018 for GGS and a net \$8 million decrease for TSS.
- There are no changes to either the classification or valuation of cash and cash equivalents.
- All other financial assets and all financial liabilities listed in Notes 35 and 37 have retained their measurement bases. There were no material changes to their carrying amounts on transition to AASB 9, whether due to reclassification or remeasurement.

All changes to the 1 July 2018 opening balance of financial assets and liabilities were adjusted against the opening accumulated surplus. Additional quantitative disclosures relating to the transition from AASB 139 to AASB 9 are provided in Note 47.

No other standards applied for the first time in 2018-19 had a material impact on the State's financial statements.

Future impact of accounting standards not yet effective

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

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

These standards will first apply to the State's financial report in 2019-20. The State has analysed the new revenue recognition requirements under these standards and estimates that the adoption of AASB 15 and AASB 1058 will result in approximately \$60-70 million of additional contract liabilities being recognised on 1 July 2019. The changes are primarily 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, such as Student Resource Schemes. These grants are currently recognised as revenue upfront but under AASB 15 they will be recognised as or when the performance obligations are satisfied.
- AASB 15 requiring a higher threshold to be met for the recognition of variable consideration such as investment performance fees.
- The existence of significant financing components associated with upfront payments of revenue for the provision of electricity transmission connection services.
- Differences between when the performance obligations will be satisfied under AASB 15 and when revenue is currently being recognised under AASB 118.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(e) New and changed accounting standards continued

Future impact of accounting standards not yet effective continued

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled. The State receives a number of grants from the Australian Government for which there are no sufficiently specific performance obligations. These grants are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

A range of new disclosures will also be required by the new standards in respect of the State's revenue.

AASB 16 Leases

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

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

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

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

The State has estimated the impact of applying AASB 16 to its existing lease portfolio. On 1 July 2019, the State is expected to recognise around \$2.6 billion of right-of-use assets and lease liabilities for the GGS, and around \$3.1 billion of right-of-use assets and lease liabilities for the TSS. (This is before netting lease incentives and lease restoration costs.)

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

AASB 1059 Service Concession Arrangements: Grantors

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 State has not yet concluded its detailed analysis of the impact of AASB 1059. A preliminary assessment of this standard identifies the following potential future impacts:

- Arrangements where the State grants or has granted the operator a right to charge for third party usage of an asset that provides public services (such as a toll road) or a right to access a revenue-generating asset located on State land, in return for the construction and operation of that asset and return of the asset to the State at the end of the PPP, are currently classified as 'Economic Infrastructure Arrangements'. These arrangements are currently not recognised as assets and liabilities in the State's Balance Sheet. Under AASB 1059, some of these arrangements, primarily toll roads and tunnels, will be brought onto the balance sheet for the first time, resulting in a significant increase in assets and liabilities. The impact on the operating statement has not yet been determined.
- Arrangements where the State pays the operator to construct and maintain an infrastructure asset (such as a school or hospital building) are currently classified as 'Social Infrastructure Arrangements' and are recognised either as leased assets and finance lease liabilities or as PP&E 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 2019.

(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.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(g) Presentation continued

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 2019.

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.

(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;
- other financial assets, including onlendings by QTC, securities and derivatives, are recorded at fair value through profit or loss;

Financial liabilities

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

Non-financial assets

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

Non-financial liabilities

- provisions in relation to superannuation, WorkCover, National Injury Insurance Scheme Queensland, motor vehicle accidents, Queensland Government Insurance Fund, 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 Note 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 the net assets acquired.

(j) Commonwealth taxation and income tax equivalents

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

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

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

(k) Classification

AASB 1049 requires the Operating Statement to include all items of revenue and expenses recognised in a period. All amounts relating to an item included in the determination of comprehensive result (total change in net worth) are classified as transactions or other economic flows in a

manner that is consistent with the ABS GFS Manual. Key technical terms from the ABS GFS Manual that are used in this financial report are outlined in Notes 1(c) and 1(l).

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(k) Classification continued

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

Key fiscal aggregates

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

Net debt

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

Fiscal balance

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

Net operating balance

This is calculated as income from transactions 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.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(l) Key GFS technical terms continued

Non-financial assets

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

Operating result

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

Other economic flows

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

Notes to the Financial Statements

2. Disaggregated information
Operating Statement

	General Government *		Public Non-financial Corporations *		Public Financial Corporations *		Consolidation Adjustments		Total State	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Continuing Operations Revenue from Transactions										
Taxation revenue	14,165	13,244	—	—	—	—	(294)	(261)	13,870	12,983
Grants revenue	28,307	27,966	605	628	—	—	(673)	(683)	28,239	27,912
Sales of goods and services	5,789	5,884	13,060	12,435	2,360	2,235	(2,497)	(2,249)	18,713	18,304
Interest income	2,191	2,389	80	77	4,349	4,377	(4,942)	(5,273)	1,678	1,569
Dividend and income tax equivalent income	2,786	2,920	13	13	—	—	(2,784)	(2,918)	15	14
Other revenue	6,596	5,685	497	487	63	71	(44)	(12)	7,111	6,231
Continuing Operations Total Revenue from Transactions	59,834	58,087	14,256	13,641	6,772	6,682	(11,235)	(11,398)	69,627	67,012
Less Continuing Operations Expenses from Transactions										
Employee expenses	24,019	22,681	1,877	1,705	366	318	(385)	(346)	25,877	24,357
Superannuation expenses										
Superannuation interest cost	642	667	(12)	(11)	—	—	—	—	630	656
Other superannuation expenses	3,012	2,741	223	218	24	22	—	—	3,258	2,981
Other operating expenses	16,490	17,259	5,080	4,573	2,284	1,811	(2,233)	(1,975)	21,622	21,668
Depreciation and amortisation	3,451	3,326	2,585	2,480	15	35	—	—	6,051	5,840
Other interest expense	1,581	1,614	1,860	1,903	5,893	6,081	(5,157)	(5,471)	4,177	4,127
Grants expenses	9,647	8,048	26	21	99	83	(673)	(683)	9,098	7,469
Other property expenses	—	—	948	870	36	143	(985)	(1,013)	—	—
Continuing Operations Total Expenses from Transactions	58,842	56,337	12,587	11,759	8,716	8,492	(9,432)	(9,489)	70,712	67,099
<i>Equals</i> Net Operating Balance	992	1,750	1,669	1,882	(1,944)	(1,810)	(1,802)	(1,909)	(1,086)	(86)
<i>Add</i> Continuing Operations Other Economic Flows Included in Operating Result										
Gain/(loss) on sale of assets/settlement of liabilities	42	29	2	(28)	302	176	—	—	346	177
Revaluation increments/ (decrements) and impairment (losses)/reversals	(307)	(79)	153	(162)	2,074	1,917	—	—	1,919	1,675

Asset write-downs	(167)	(239)	(4)	(64)	(19)	(11)	—	—	(191)	(314)
Actuarial adjustments to liabilities	(398)	(794)	—	—	(289)	(3)	—	—	(687)	(797)
Deferred income tax equivalents	(70)	(42)	95	67	(25)	(25)	—	—	—	—
Dividends and tax equivalents treated as capital returns	102	50	—	—	—	—	(102)	(50)	—	—
Other	(21)	(34)	(67)	(10)	(79)	34	(4,183)	702	(4,350)	692
Continuing Operations Total Other Economic Flows - Included in Operating Result	(819)	(1,110)	179	(198)	1,963	2,089	(4,285)	652	(2,962)	1,432
<i>Equals</i> Operating Result from Continuing Operations	173	640	1,848	1,684	19	279	(6,088)	(1,258)	(4,048)	1,346

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

Notes to the Financial Statements

2. Disaggregated information continued
Operating Statement continued

	General Government *		Public Non-financial Corporations *		Public Financial Corporations *		Consolidation Adjustments		Total State	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Add										
Other Economic Flows - Other Movements in Equity										
Adjustments to opening balances	48	57	18	82	(722)	—	704	(82)	48	57
Revaluations	6,246	(648)	(6)	1,238	6	5	35	(1,247)	6,282	(651)
Other	—	—	1	—	—	—	—	—	1	—
Total Other Economic Flows - Other Movements in Equity	6,294	(591)	13	1,320	(715)	5	739	(1,329)	6,331	(594)
Equals Comprehensive Result	6,467	50	1,861	3,004	(696)	284	(5,349)	(2,586)	2,283	752
Transactions With Owners In Their Capacity as Owners										
Ordinary dividends provided or paid	—	—	(1,694)	(1,849)	(109)	(60)	1,802	1,909	—	—
Dividends treated as capital returns paid or provided	—	—	(102)	(50)	—	—	102	50	—	—
Equity injections/(withdrawals)	—	—	585	(8)	—	—	(585)	8	—	—
Total Transactions With Owners In Their Capacity as Owners	—	—	(1,211)	(1,907)	(109)	(60)	1,320	1,967	—	—
Total Change In Net Worth	6,467	50	650	1,097	(805)	224	(4,029)	(619)	2,283	752
KEY FISCAL AGGREGATES										
Net Operating Balance	992	1,750	1,669	1,882	(1,944)	(1,810)	(1,802)	(1,909)	(1,086)	(86)
Less Net Acquisition/(Disposal) of Non-Financial Assets										
Purchases of non-financial assets	5,764	5,126	2,687	2,509	24	15	10	8	8,485	7,659
Less Sales of non-financial assets	312	292	33	47	61	8	—	—	405	347
Less Depreciation	3,451	3,326	2,585	2,480	15	35	—	—	6,051	5,840
Plus Change in inventories	61	13	29	36	—	—	—	—	90	49
Plus Other movement in non-financial assets	1,121	815	100	79	—	—	—	—	1,221	894
Equals Total Net Acquisition/(Disposal) of Non-Financial Assets	3,182	2,337	198	97	(51)	(27)	10	8	3,339	2,415
Equals Fiscal Balance	(2,191)	(587)	1,471	1,785	(1,893)	(1,783)	(1,812)	(1,917)	(4,425)	(2,501)

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

Notes to the Financial Statements

2. Disaggregated information continued

	General Government *		Public Non-financial Corporations *		Public Financial Corporations *		Consolidation Adjustments		Total State	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Balance Sheet										
Assets										
Financial Assets										
Cash and deposits	1,868	1,302	704	581	1,674	749	(1,954)	(1,427)	2,291	1,205
Receivables and loans										
Receivables	4,503	4,743	1,874	1,571	372	334	(2,186)	(2,242)	4,562	4,406
Advances paid	667	629	2,268	2,284	—	—	(2,275)	(2,291)	661	622
Loans paid	206	206	113	122	87,185	81,962	(77,333)	(72,537)	10,171	9,753
Securities other than shares	32,351	32,638	529	360	58,052	57,552	(29,346)	(29,766)	61,585	60,784
Shares and other equity investments										
Investments in public sector entities	23,049	23,203	—	—	—	—	(23,049)	(23,203)	—	—
Investments in other entities	1	8	297	238	—	—	—	—	297	245
Investments accounted for using equity method	149	149	—	—	—	—	—	—	149	149
Total Financial Assets	62,793	62,878	5,784	5,156	147,282	140,598	(136,142)	(131,468)	79,716	77,164
Non-Financial Assets										
Inventories	597	533	649	693	—	—	—	—	1,246	1,225
Assets held for sale	145	184	15	29	—	59	—	—	160	272
Investment properties	353	371	318	314	—	—	—	—	671	685
Property, plant and equipment	209,380	198,559	62,110	61,297	90	81	(1)	(1)	271,580	259,937
Intangibles	816	806	694	684	46	38	—	—	1,555	1,528
Deferred tax assets	6,204	6,420	477	536	51	46	(6,732)	(7,002)	—	—
Other non-financial assets	463	931	160	169	12	13	(39)	(46)	597	1,067
Total Non-Financial Assets	217,957	207,805	64,423	63,722	199	238	(6,772)	(7,049)	275,808	264,715
Total Assets	280,750	270,683	70,207	68,877	147,481	140,836	(142,914)	(138,516)	355,525	341,879
Liabilities										
Payables	5,142	4,438	3,395	3,477	121	241	(2,156)	(2,215)	6,502	5,941
Employee benefit obligations										
Superannuation liability	26,986	26,000	(263)	(368)	—	—	—	—	26,723	25,632
Other employee benefits	7,428	6,698	830	769	138	133	—	—	8,397	7,600
Deposits held	—	—	14	15	7,173	6,111	(1,954)	(1,427)	5,233	4,699
Advances	2,692	2,747	6	7	—	—	(2,275)	(2,291)	424	462
Borrowing with QTC	29,468	29,256	38,108	37,708	—	—	(67,576)	(66,964)	—	—
Leases and other loans	2,612	2,142	—	—	353	325	—	—	2,965	2,467

Securities and derivatives	121	122	599	283	131,412	126,069	(29,346)	(29,766)	102,786	96,708
Deferred tax liabilities	528	582	6,084	6,331	119	88	(6,731)	(7,001)	—	—
Provisions	3,217	2,584	1,000	859	4,709	3,629	(34)	(31)	8,892	7,042
Other liabilities	1,052	1,076	796	808	45	22	(36)	(43)	1,856	1,863
Total Liabilities	79,246	75,645	50,570	49,890	144,069	136,619	(110,108)	(109,739)	163,777	152,415

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

Notes to the Financial Statements

2. Disaggregated information continued

Balance Sheet continued

	General Government *		Public Non-financial Corporations *		Public Financial Corporations *		Consolidation Adjustments		Total State	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Net Assets	201,505	195,038	19,637	18,987	3,412	4,216	(32,806)	(28,777)	191,747	189,464
Net Worth										
Contributed equity	—	—	8,280	7,695	640	640	(8,920)	(8,335)	—	—
Accumulated surplus/(deficit)	88,883	89,002	(104)	(215)	957	1,740	(9,859)	(5,675)	79,878	84,851
Reserves	112,621	106,035	11,461	11,507	1,814	1,837	(14,027)	(14,766)	111,869	104,613
Total Net Worth	201,505	195,038	19,637	18,987	3,412	4,216	(32,806)	(28,777)	191,747	189,464
KEY FISCAL AGGREGATES										
Net Financial Worth	(16,452)	(12,767)	(44,786)	(44,734)	3,212	3,979	(26,035)	(21,728)	(84,061)	(75,251)
Net Financial Liabilities	39,501	35,970	N/A	N/A	N/A	N/A	N/A	N/A	84,061	75,251
Net Debt	(198)	(509)	35,114	34,667	(7,973)	(7,759)	9,757	5,573	36,700	31,973

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

Notes to the Financial Statements

2. Disaggregated information continued

Cash Flow Statement

	General Government *		Public Non-financial Corporations *		Public Financial Corporations *		Consolidation Adjustments		Total State	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Cash Flows from Operating Activities										
Cash received										
Taxes received	14,127	13,232	—	—	—	—	(291)	(254)	13,836	12,977
Grants and subsidies received	28,572	28,020	610	707	—	—	(678)	(762)	28,503	27,965
Sales of goods and services	6,027	5,919	15,010	14,235	2,534	2,402	(2,512)	(2,220)	21,060	20,335
Interest receipts	2,173	2,389	80	74	4,305	4,476	(4,881)	(5,272)	1,677	1,667
Dividends and income tax equivalents	3,027	2,668	13	13	—	—	(3,025)	(2,666)	15	14
Other receipts	8,034	6,991	395	426	111	158	(18)	(10)	8,522	7,567
	61,959	59,218	16,110	15,454	6,950	7,036	(11,406)	(11,185)	73,613	70,524
Cash paid										
Payments for employees	(27,348)	(25,964)	(2,032)	(1,885)	(384)	(318)	385	346	(29,379)	(27,820)
Payments for goods and services	(17,889)	(18,488)	(6,393)	(5,624)	(1,550)	(1,393)	2,235	1,969	(23,597)	(23,536)
Grants and subsidies paid	(9,391)	(8,014)	(266)	(270)	(99)	(83)	678	765	(9,078)	(7,602)
Interest paid	(1,568)	(1,580)	(1,856)	(1,896)	(5,832)	(6,081)	5,094	5,460	(4,163)	(4,097)
Other payments	(9)	(1)	(1,487)	(1,452)	(412)	(359)	1,072	975	(836)	(837)
	(56,206)	(54,047)	(12,035)	(11,127)	(8,277)	(8,234)	9,464	9,516	(67,053)	(63,893)
Net Cash Flows from Operating Activities	5,754	5,171	4,074	4,327	(1,326)	(1,197)	(1,942)	(1,669)	6,560	6,632

Cash Flows from Investing Activities

Non-Financial Assets										
Purchases of non-financial assets										
	(5,764)	(5,126)	(2,687)	(2,509)	(24)	(15)	(10)	(8)	(8,485)	(7,659)
Sales of non-financial assets	312	292	33	47	61	8	—	—	405	347
	(5,452)	(4,834)	(2,654)	(2,462)	37	(8)	(10)	(8)	(8,079)	(7,312)
Financial Assets (Policy Purposes)										
Equity acquisitions	(270)	(4)	—	—	—	—	270	—	—	(4)
Equity disposals	164	557	—	(50)	—	(500)	(162)	—	2	7
Advances and concessional loans paid	(165)	(166)	(3,066)	(3,252)	—	—	3,067	3,252	(164)	(166)
Advances and concessional loans received	113	147	3,089	2,314	—	—	(3,090)	(2,313)	112	147
	(158)	534	22	(988)	—	(500)	85	939	(51)	(15)

Financial Assets (Liquidity Purposes)												
Purchases of investments	(2,817)	(5,643)	(57)	(21)	(49,672)	(49,768)	2,071	2,286	(50,475)	(53,146)		
Sales of investments	3,735	4,549	135	93	51,179	53,069	(2,902)	(3,319)	52,147	54,392		
	918	(1,094)	77	71	1,506	3,301	(831)	(1,033)	1,671	1,245		
Net Cash Flows from Investing Activities												
	(4,691)	(5,394)	(2,555)	(3,379)	1,543	2,794	(756)	(102)	(6,459)	(6,082)		
Cash flows from Financing Activities												
Advances received (net)	(56)	905	(1)	(1)	—	—	17	(939)	(40)	(34)		
Proceeds of borrowing (net)	(440)	(405)	411	(32)	(384)	294	(2)	(20)	(416)	(162)		
Dividends paid (net)	—	—	(1,849)	(1,658)	(110)	(41)	1,959	1,699	—	—		
Deposits received (net)	—	(2)	(1)	(2)	1,062	(1,094)	(526)	733	534	(365)		
Other financing (net)	—	—	44	(138)	140	(2,263)	723	1,033	907	(1,369)		
Net Cash Flows from Financing Activities	(497)	499	(1,397)	(1,831)	708	(3,104)	2,171	2,506	985	(1,930)		

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

Notes to the Financial Statements

2. Disaggregated information continued

Cash Flow Statement continued

	General Government *		Public Non-financial Corporations *		Public Financial Corporations *		Consolidation Adjustments		Total State	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Net increase/(decreased) in Cash Held	566	275	123	(883)	924	(1,508)	(527)	735	1,086	(1,380)
Cash at the beginning of the financial year	1,302	1,027	581	1,464	749	2,257	(1,427)	(2,162)	1,205	2,586
Cash and Cash Equivalents Held at the End of the Financial Year	1,868	1,302	704	581	1,674	749	(1,954)	(1,427)	2,291	1,205
KEY FISCAL AGGREGATES										
Net Cash from Operating Activities	5,754	5,171	4,074	4,327	(1,326)	(1,197)	(1,942)	(1,669)	6,560	6,632
Net Cash Flow from Investments in Non-Financial Assets	(5,452)	(4,834)	(2,654)	(2,462)	37	(8)	(10)	(8)	(8,079)	(7,312)
Dividends Paid	—	—	(1,849)	(1,658)	(110)	(41)	1,959	1,699	—	—
CASH SURPLUS/(DEFICIT)	302	337	(429)	207	(1,400)	(1,246)	8	22	(1,520)	(680)

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

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
3. Taxation revenue				
Stamp Duties				
Transfer	3,195	3,023	3,195	3,023
Motor vehicles	555	543	555	543
Insurance	956	894	956	894
Other duties	37	37	37	37
	<u>4,743</u>	<u>4,498</u>	<u>4,743</u>	<u>4,498</u>
Payroll tax	4,160	3,906	4,044	3,800
Vehicle registration fees	1,850	1,770	1,848	1,770
Gaming taxes and levies	1,333	1,190	1,333	1,190
Land tax	1,334	1,180	1,313	1,162
Fire levy	541	512	541	512
Guarantee fees	156	138	—	—
Other taxes	48	51	48	51
	<u>14,165</u>	<u>13,244</u>	<u>13,870</u>	<u>12,983</u>

Taxation revenue is recognised when one or more of the following events are satisfied:

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably;
- the assessment is raised by the self-assessor (a person who lodges transactions online); and/or
- the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits.

4. Grants revenue				
Commonwealth				
General purpose payments				
GST revenue grants	14,332	15,129	14,332	15,129
Other general purpose payments	42	32	43	33
Specific purpose payments	8,042	7,218	8,055	7,221
National partnership payments	2,254	2,159	2,254	2,159
Grants for on-passing to non-Queensland Government entities	3,262	3,023	3,262	3,023
	<u>27,932</u>	<u>27,560</u>	<u>27,946</u>	<u>27,565</u>
Other				
Other grants	234	199	131	118
Industry/community contributions	141	208	162	229
	<u>375</u>	<u>406</u>	<u>293</u>	<u>347</u>
	<u>28,307</u>	<u>27,966</u>	<u>28,239</u>	<u>27,912</u>

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

5. Sales of goods and services				
User charges				
Sale of goods and services	3,717	3,837	16,145	15,745
Rental income	565	561	658	692
	<u>4,283</u>	<u>4,398</u>	<u>16,803</u>	<u>16,436</u>
Fees				
Transport and other licences and permits	814	790	814	788
Other regulatory fees	692	696	1,096	1,080
	<u>1,506</u>	<u>1,485</u>	<u>1,910</u>	<u>1,868</u>
	<u>5,789</u>	<u>5,884</u>	<u>18,713</u>	<u>18,304</u>

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

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

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
6. Interest income				
Interest on fixed rate notes	1,880	2,095	—	—
Distributions from managed funds	109	101	523	466
Other interest	203	193	1,155	1,104
	<u>2,191</u>	<u>2,389</u>	<u>1,678</u>	<u>1,569</u>
Interest revenue from financial assets other than those at fair value through profit and loss totalled*:	200	2,286	157	159
* From 1 July 2018, fixed rate notes are fair valued under AASB 9. The interest above is calculated at amortised cost, and there is a market value adjustment per Note 16.				
7. Dividend and income tax equivalent income				
Dividends	1,803	1,909	15	14
Income tax equivalent	983	1,010	—	—
	<u>2,786</u>	<u>2,920</u>	<u>15</u>	<u>14</u>
For the GGS, dividends from PNFC and PFC sector entities are recorded as revenue from transactions where the dividends are declared out of current profits. Dividends paid out of prior accumulated profits and reserves or from the sale of businesses represent a return of Government's initial equity investment under ABS GFS principles and are disclosed as other economic flows (refer Note 19).				
Dividends from the PNFC and PFC sectors are eliminated in the TSS.				
8. Other revenue				
Royalties	5,216	4,295	5,216	4,295
Land rents	162	162	163	163
Donations, gifts and services received at below fair value	129	133	129	134
Contributed assets	236	302	336	381
Fines	458	411	458	411
Other	396	382	809	847
	<u>6,596</u>	<u>5,685</u>	<u>7,111</u>	<u>6,231</u>
Royalties are recognised when one or more of the following events are satisfied:				
<ul style="list-style-type: none"> • the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably; • the assessment is raised by the self-assessor (a person who lodges transactions online); and/or • the assessment is issued as a result of Commissioner-assessed transactions or following compliance activities such as reviews and audits. 				
Assets received at below fair value, including those received free of charge and that can be measured reliably, are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification that the assets have been secured.				
9. Employee expenses				
Salaries and wages	21,020	19,928	22,807	21,526
Annual leave	1,965	1,809	2,121	1,950
Long service leave	576	508	649	560
Workers' compensation	263	236	7	10
Other employee related expenses	195	199	292	312
	<u>24,019</u>	<u>22,681</u>	<u>25,877</u>	<u>24,357</u>
10. Other superannuation expenses (refer Note 48 for additional disclosures)				
Accumulation contribution	1,994	1,836	2,209	2,043
Defined benefit service cost	1,018	905	1,050	938
	<u>3,012</u>	<u>2,741</u>	<u>3,258</u>	<u>2,981</u>
11. Other operating expenses				
Supplies and services	13,213	13,982	18,115	18,519
Transport service contract	1,777	1,652	—	—
WorkCover Qld and other claims	738	857	2,876	2,516
Other expenses	762	768	631	634
	<u>16,490</u>	<u>17,259</u>	<u>21,622</u>	<u>21,668</u>
Audit fees charged by the Queensland Audit Office to entities included in these financial statements amounted to:	14	13	20	19

Notes to the Financial Statements

<i>General Government</i>		<i>Total State Sector</i>	
<i>Sector</i>		<i>Sector</i>	
<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>

12. Depreciation and amortisation

Depreciation and amortisation expenses for the financial year were charged in respect of:

Buildings	1,557	1,473	1,670	1,580
Infrastructure	1,050	979	3,088	2,902
Plant and equipment	562	588	866	942
Major plant and equipment	7	21	59	70
Heritage and cultural assets	37	37	37	37
Leased plant and equipment	101	77	102	77
Software development	137	151	253	258
Capitalised depreciation expense	—	—	(25)	(25)
	<u>3,451</u>	<u>3,326</u>	<u>6,051</u>	<u>5,840</u>

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

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

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

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

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

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

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

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

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

<i>General Government</i>		<i>Total State Sector</i>	
<i>Sector</i>		<i>Sector</i>	
<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>

13. Other interest expense

Interest	1,439	1,499	4,042	4,018
Finance charges relating to finance leases	117	92	117	92
Other	25	24	17	17
	<u>1,581</u>	<u>1,614</u>	<u>4,177</u>	<u>4,127</u>

Interest and other finance charges are recognised as expenses in the period in which they are incurred.

Interest expense on financial liabilities other than those at fair value through profit and loss amounts to:	1,581	1,614	233	204
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Notes to the Financial Statements

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
14. Grants expenses				
Grants - recurrent	7,188	5,917	7,147	5,872
Grants - capital	1,638	1,251	1,603	1,207
Grants to first home owners	131	195	131	195
Personal benefit payments	218	195	218	195
Community service obligations	472	490	—	—
	<u>9,647</u>	<u>8,048</u>	<u>9,098</u>	<u>7,469</u>
15. Gains/(losses) on sale of assets/settlement of liabilities				
Gains/(losses) on sale of financial assets/settlement of liabilities				
Gains/(losses) on sale of financial assets at fair value through other comprehensive income	14	1	14	1
Gains/(losses) on sale of derivatives	—	—	(250)	96
Gains/(losses) on sale of other investments/settlement of liabilities	14	(5)	594	56
	<u>27</u>	<u>(4)</u>	<u>358</u>	<u>153</u>
Gains/(losses) on sale of non-financial assets				
Gains/(losses) on sale of non-financial assets	16	33	(12)	25
Gains/(losses) on sale of intangibles	(1)	(1)	—	(1)
	<u>15</u>	<u>33</u>	<u>(12)</u>	<u>24</u>
	<u>42</u>	<u>29</u>	<u>346</u>	<u>177</u>
16. Revaluation increments/(decrements) and impairment (losses)/reversals				
Revaluation increments/(decrements) of financial assets				
Revaluation increments/(decrements) - derivatives	—	(122)	(42)	(252)
Revaluation increments/(decrements) - fixed rate notes	(311)	—	—	—
Revaluation increments/(decrements) - other investments (mainly managed funds)	8	23	1,914	1,989
	<u>(303)</u>	<u>(99)</u>	<u>1,871</u>	<u>1,736</u>
Revaluation increments/(decrements) of non-financial assets				
Revaluation increments/(decrements) - investment property	2	(12)	6	(17)
Revaluation increments/(decrements) - other non-current assets	—	(1)	(40)	6
Revaluation increment/s(decrements) - intangibles	—	—	210	—
	<u>2</u>	<u>(12)</u>	<u>177</u>	<u>(11)</u>
Revaluation increments/(decrements) - environmental certificates/obligations	—	—	19	1
Revaluation increments/(decrements) - self generating and regenerating assets	3	3	3	3
Impairment (losses)/reversals				
Impairment (losses)/reversals - receivables and loans	(4)	35	(27)	28
Impairment (losses)/reversals - assets held for sale	(4)	(6)	(4)	(6)
Impairment (losses)/reversals - non-financial assets	—	—	(44)	(76)
Impairment (losses)/reversals - intangible assets	—	(1)	(75)	(1)
	<u>(9)</u>	<u>28</u>	<u>(151)</u>	<u>(54)</u>
	<u>(307)</u>	<u>(79)</u>	<u>1,919</u>	<u>1,675</u>

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.

Notes to the Financial Statements

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

Impairment of non-financial assets continued

Impairment - electricity generators continued

Stanwell recognised an impairment loss reversal of \$4 million in 2019 in relation to Swanbank Power Station (an impairment loss of \$67 million was previously recognised in 2018). In relation to the Kunioon coal resource, Stanwell recorded impairments of land and development costs of \$30 million and mining information (intangible) asset of \$75 million.

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.

Impairment of receivables

Queensland Treasury recognised an impairment loss reversal of \$20 million (2018: \$71 million) as a result of increased debt recovery activity in relation to State Penalties Enforcement Registry (SPER) fines receivable. Refer Note 24(e) for more information.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
17. Asset write-downs				
Bad debts written off not previously impaired	(147)	(225)	(165)	(266)
Inventory write-down (net)	(7)	(6)	(9)	(9)
Other assets written off/scrapped	(13)	(8)	(16)	(39)
	<u>(167)</u>	<u>(239)</u>	<u>(191)</u>	<u>(314)</u>
18. Actuarial adjustments to liabilities				
Long service leave - gains/(losses)	(320)	(819)	(320)	(819)
Insurances and other - gains/(losses)	(79)	25	(368)	22
	<u>(398)</u>	<u>(794)</u>	<u>(687)</u>	<u>(797)</u>
19. Dividends and tax equivalents treated as capital returns				
Dividends	<u>102</u>	<u>50</u>	<u>—</u>	<u>—</u>
For GGS, dividends and tax equivalents from PNFC and PFC sector entities paid out of prior accumulated profits and reserves or from the sale of businesses represent a return of Government's initial equity investment under ABS GFS principles and are disclosed as other economic flows.				
There were no tax equivalents treated as capital returns in 2018-19 or 2017-18.				
Dividends and tax equivalents treated as capital returns from the PNFC and PFC sectors are eliminated in the Total State Sector.				
20. Other economic flows - included in operating result - other				
Net market value interest revenue/(expense)	—	—	(4,262)	736
Time value adjustments	(16)	(33)	(48)	(69)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	1	(2)	1	(2)
Onerous contracts expense	—	—	(24)	39
Other economic flows not elsewhere classified	(6)	1	(16)	(12)
	<u>(21)</u>	<u>(34)</u>	<u>(4,350)</u>	<u>692</u>

Notes to the Financial Statements

	General		Total State Sector	
	Government Sector 2019 \$M	2018 \$M	2019 \$M	2018 \$M
21. Other economic flows - other movements in equity - revaluations				
Revaluations of financial assets - increments/(decrements)				
Financial assets at fair value through other comprehensive income	11	—	11	—
Available-for-sale financial assets	—	(1)	—	(1)
Investments in Public Sector entities	(33)	1,262	2	15
Cash flow hedges	(64)	108	(211)	308
	(86)	1,369	(198)	322
Revaluations of non-financial assets - increments/(decrements) Property, plant and equipment	7,430	(1,931)	7,641	(923)
Actuarial gain/(loss) on defined benefit superannuation plans	(1,098)	(86)	(1,161)	(50)
	<u>6,246</u>	<u>(648)</u>	<u>6,282</u>	<u>(651)</u>
22. Other economic flows - other movements in equity - other				
Equity transfers and adjustments including those from ceased entities	—	—	1	—
23. Cash and deposits				
Cash	368	236	2,257	516
Deposits on call	10	39	34	689
QTC cash funds	1,490	1,028	—	—
	<u>1,868</u>	<u>1,302</u>	<u>2,291</u>	<u>1,205</u>
Reconciliation to Cash Flow Statement				
Balances per Cash Flow Statement	<u>1,868</u>	<u>1,302</u>	<u>2,291</u>	<u>1,205</u>
All material cash balances held by agencies are managed and invested by QTC daily to maximise returns in accordance with agreed risk profiles on a whole of Government basis.				
Cash and deposits includes cash on hand, cash at bank, deposits at call (which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value) and money market deposits, net of outstanding bank overdrafts. Where a net overdraft arises on cash at bank, the overdraft is included in Borrowings on the Balance Sheet.				
24. Receivables and loans				
(a) Receivables				
Current				
Trade debtors	1,080	1,066	2,754	2,609
Interest receivable	71	12	12	14
GST input tax credits receivable	252	255	285	289
Dividends and guarantee fees receivable	1,877	1,930	—	—
Royalties and land rents revenue receivable	21	19	21	19
Taxes receivable	299	265	303	269
Income tax equivalents receivable	150	221	—	—
Other receivables	1,214	1,448	1,314	1,566
	4,964	5,216	4,689	4,766
Less: Loss Allowance	569	583	613	627
	<u>4,394</u>	<u>4,633</u>	<u>4,077</u>	<u>4,139</u>
Non-current				
Trade debtors	46	38	326	88
Other	92	97	193	204
	138	136	519	292
Less: Loss Allowance	29	26	34	26
	<u>109</u>	<u>110</u>	<u>486</u>	<u>266</u>
	<u>4,503</u>	<u>4,743</u>	<u>4,562</u>	<u>4,406</u>
(b) Advances paid				
Current				
Advances	169	103	168	102
Less: Loss Allowance	10	11	10	11
	<u>159</u>	<u>92</u>	<u>158</u>	<u>92</u>
Non-current				
Advances	512	540	508	536
Less: Loss Allowance	4	4	6	6
	<u>508</u>	<u>536</u>	<u>502</u>	<u>530</u>
	<u>667</u>	<u>629</u>	<u>661</u>	<u>622</u>

Notes to the Financial Statements

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
24. Receivables and loans continued				
(c) Loans paid				
Current				
Finance leases	7	8	9	9
Other loans	20	53	27	60
	<u>27</u>	<u>61</u>	<u>35</u>	<u>69</u>
Non-current				
Onlendings	—	—	9,852	9,425
Finance leases	56	71	161	176
Other loans	123	75	123	82
	<u>180</u>	<u>145</u>	<u>10,135</u>	<u>9,684</u>
	<u>206</u>	<u>206</u>	<u>10,171</u>	<u>9,753</u>

Loans include finance leases and loans supporting policy objectives of the Government rather than for liquidity management purposes. Settlement on finance leases is within the terms of the lease, ranging from 2 to 99 years. Title is passed to the purchaser on full repayment.

Receivables and loans are initially measured at fair value plus any directly attributable transaction costs. Subsequently, receivables and loans (except onlendings 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.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Finance lease receivables due:				
Not later than 1 year	8	10	14	15
Later than 1 year but not later than 5 years	26	30	52	56
Later than 5 years	34	45	210	227
	<u>68</u>	<u>85</u>	<u>276</u>	<u>299</u>
Less: Future finance revenue	4	5	106	113
	<u>64</u>	<u>80</u>	<u>170</u>	<u>186</u>
(d) Minimum operating lease payments receivable not recognised in the financial statements:				
Not later than 1 year	29	26	87	83
Later than 1 year but not later than 5 years	111	97	291	270
Later than 5 years	239	251	927	931
	<u>379</u>	<u>374</u>	<u>1,306</u>	<u>1,283</u>

(e) Impairment of receivables

The 2018-19 loss allowances for receivables reflect lifetime expected credit losses and 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. In 2017-18, an impairment allowance was recognised on individual receivables only when they became credit impaired.

Loss allowances 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. In 2017-18, receivables were assessed for impairment individually under AASB 139.

Areas of significant credit risk concentrations for the GGS and TSS are unpaid penalties and fines within the State Penalties Enforcement Registry (SPER) and outstanding claims recoverable from licensees by the Queensland Building and Construction Commission (QBCC). These two debtor groups 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.

	<i>2019</i>				<i>2018</i>		
	<i>Gross receivables \$M</i>	<i>Average loss rate</i>	<i>Expected credit losses \$M</i>	<i>Carrying amount \$M</i>	<i>Gross receivables \$M</i>	<i>Impairment allowance \$M</i>	<i>Carrying amount \$M</i>
SPER penalties and fines receivable	1,037	31.3%	325	712	1,007	345	662
QBCC Insurance Fund Group claims receivable	104	89.4%	93	11	117	100	17
Other receivables	4,068	5.6%	229	3,839	3,934	207	3,727
Total State Sector	<u>5,209</u>		<u>647</u>	<u>4,562</u>	<u>5,058</u>	<u>652</u>	<u>4,406</u>

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.

Notes to the Financial Statements

24. Receivables and loans continued

(e) Impairment of receivables continued

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.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Loss allowance as at 1 July	615	672	661	711
Amounts written off during the year	(7)	(12)	(24)	(14)
Increase/decrease in allowance recognised in operating result	4	(36)	25	(28)
Loss allowance as at 30 June	<u>613</u>	<u>624</u>	<u>663</u>	<u>669</u>

The difference between the 30 June 2018 balance and the 1 July 2018 balance is due to remeasurements of the loss allowance on adoption of AASB 9. Refer to Note 1(e) for the transitional impact of AASB 9.

25. Securities and shares

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. In 2017-18, the term deposits were categorised as held-to-maturity.

Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are categorised as fair value through other comprehensive income (equity) if they are designated so upon initial recognition or in accordance with paragraph 4.1.2A of AASB9. Financial assets at fair value through equity are valued at fair value at balance date. Unrealised gains and losses are brought to account reserves 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.

In 2017-18, the above bonds and shares were categorised as available-for-sale.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are categorised as fair value through profit or loss if they are designated so upon initial recognition or mandatorily measured. Financial assets at fair value through profit or loss are valued at fair value at balance date. Unrealised gains and losses are brought to account as Other economic flows included in the operating result.

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 were previously measured at amortised cost (held-to-maturity). Under AASB 9, they are now measured at FVTPL because the cash flows do not solely represent payments of principal and interest. This change in measurement category has resulted in an increase of \$722 million in the carrying amount of the fixed rate notes on 1 July 2018, which was adjusted against opening accumulated surplus. 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.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
(a) Securities other than shares				
Current				
Term deposits and other investments held at amortised cost	56	92	108	92
Rental Purchase Plan	6	6	6	6
Securities/bonds	435	398	7,832	7,613
Fixed rate notes	2,999	4,190	—	—
Investments managed by QIC Limited*	1,358	1,310	6,304	7,586
Derivatives				
Derivatives - cash flow hedges	—	—	56	32
Other derivatives	4	—	271	158
Other	19	20	3,968	5,320
	<u>4,877</u>	<u>6,016</u>	<u>18,545</u>	<u>20,807</u>

Notes to the Financial Statements

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
25. Securities and shares continued				
(a) Securities other than shares continued				
Non-current				
Term deposits and other investments held at amortised cost	171	166	178	166
Rental Purchase Plan	181	182	181	182
Securities/bonds	—	—	8,990	7,364
Fixed rate notes	26,347	25,577	—	—
Investments managed by QIC Limited*	641	595	32,313	31,250
Derivatives				
Derivatives - cash flow hedges	—	—	8	74
Other derivatives	—	—	364	148
Other	134	103	1,008	792
	<u>27,474</u>	<u>26,622</u>	<u>43,040</u>	<u>39,977</u>
	<u>32,351</u>	<u>32,638</u>	<u>61,585</u>	<u>60,784</u>

* Total State investments managed by QIC Limited were allocated over the following categories:

Cash	6,680	8,977
Fixed interest	5,552	6,577
Global equities	8,987	7,845
Property and infrastructure	7,230	6,517
Other	10,167	8,922
	<u>38,616</u>	<u>38,837</u>

(b) Investments in public sector entities

General Government Sector investment in public sector entities	<u>23,049</u>	<u>23,203</u>
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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.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
(c) Share investments in other entities that are not controlled or associated				
Current				
Shares at fair value through profit or loss	—	—	297	238
Non-current				
Shares at fair value through profit or loss	—	7	—	7
Shares at fair value through other comprehensive income (2018: Available-for-sale shares)	1	1	1	1
	<u>1</u>	<u>8</u>	<u>1</u>	<u>8</u>
	<u>1</u>	<u>8</u>	<u>297</u>	<u>245</u>

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	Ownership interest		Equity accounted amount	
			2019 %	2018 %	2019 \$M	2018 \$M
Dumaresq-Barwon Border Rivers Commission	Water management	(i)	50	50	69	70
Translational Research Institute Trust	Medical research and education	(ii)	25	25	75	76
Aviation Australia Riyadh College of Excellence LLC	Aircraft technical and vocational training	(iii)	51	51	5	3
Investments under \$1 million		(iv)			—	—
General Government Sector					149	149
Total State Sector					149	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 43% 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.

(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 State Development, Manufacturing, Infrastructure and Planning

The Department of State Development, Manufacturing, Infrastructure and Planning 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.

Sunshine Coast Hospital and Health Service

The Sunshine Coast Hospital and Health Service has a 28.9% (2018: 28.9%) interest in the Sunshine Coast Health Institute (SCHI). TAFE East Coast 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.

Notes to the Financial Statements

26. Other investments continued

(b) Investments in joint operations continued

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	Principal Activities	2019 Interest	2018 Interest
Callide Power Management Pty Ltd	Joint Operation Manager	50%	50%
Callide Power Trading Pty Ltd	Electricity Marketing Agent	50%	50%
CS Energy Oxyfuel Pty Ltd	Electricity generation	0%	75%

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.

Stanwell Corporation Limited

Stanwell has 50% (2018: 50%) interest in the Kogan North Joint Venture operation with Australian CBM Pty Ltd and this joint venture will be transferred to CleanCo on 1 November 2019.

27. Public private partnerships (PPP)

In July 2017, the Australian Accounting Standards Board (AASB) issued AASB 1059 *Service Concession Arrangements: Grantors*. At this stage, the Standard will be applied in 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. Any leasing arrangements are disclosed in accordance with AASB 117 *Leases*. Further, the commitments for future payments under finance leases are also disclosed as commitments in Note 41.

The following PPPs apply to both the GGS and TSS statements.

Employment, Small Business & Training

Southbank Education and Training Precinct

In April 2005, the State Government entered into a contractual arrangement with Axiom Education Queensland Pty Ltd (Axiom) to design, construct, maintain and finance the Southbank Education and Training Precinct for a period of 34 years on State land. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Axiom over the life of the contract. The arrangement involved the refurbishment or demolition of existing buildings and the development of new buildings.

Construction work was completed on 31 October 2008 and the State has entered into a Head Lease and Sublease with Axiom. The State pays abatable, undissected service payments to Axiom for the operation, maintenance and provision of the precinct. At the expiry of the lease in 2039, the buildings will revert to the State for nil consideration. The land on which the facility is constructed is owned and recognised as an asset of the State.

The fair value of the buildings is recognised as an asset with the corresponding recognition for future payments as a loan liability.

Education

(a) South East Queensland schools - Aspire

In April 2009, the State Government entered into a contractual arrangement with Aspire Schools (Qld) Pty Limited (Aspire) to design, construct, maintain and partially finance seven schools of the State for a period of 30 years on the State's land.

Construction work commenced in May 2009 and was finalised in January 2014. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Aspire over the life of the contract.

The State will lease back these schools from Aspire and will pay abatable, undissected service payments to Aspire for the operation, maintenance and provision of the schools. At the expiry of the lease in 2039, the buildings will revert to the State for nil consideration. The land on which the schools are constructed is owned and recognised as an asset of the State.

The fair value of the buildings was recognised as a finance lease asset with the corresponding recognition for future payments as a finance lease liability.

(b) Queensland schools - Plenary

In December 2013, the State Government entered into a contractual arrangement with Plenary Schools Pty Ltd (Plenary) for the construction and management of 10 schools in South East Queensland. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Plenary over the life of the contract. The project period is for 30 years and is expected to end in December 2043.

Notes to the Financial Statements

27. Public private partnerships continued

Education continued

(b) Queensland schools - Plenary continued

Construction work commenced in January 2015 and was finalised in January 2019. Under current arrangements the State pays 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 a finance lease asset with the corresponding recognition for future payments as a finance lease liability. The land on which the schools are constructed is owned and recognised as an asset of the State.

Queensland Health and Hospital and Health Services (HHSs)

The State Government has entered into a number of contractual arrangements with private sector entities for the construction and operation of public infrastructure facilities for a period of time on State land. After an agreed period of time, ownership of these facilities will pass to Queensland Health or the relevant HHS.

Entity	Facility	Counterparty	Term of Agreement	Commencement Date
Metro North HHS	Butterfield Street car park	International Parking Group Pty Ltd	25 years	January 1998
Metro North HHS	The Prince Charles Hospital car park	International Parking Group Pty Ltd	22 years	November 2000
Metro North HHS	Surgical, Treatment and Rehabilitation Service (STARS)	Australian Unity	20 years	23 February 2017
Metro South HHS	The Princess Alexandra Hospital multi storey car park	International Parking Group Pty Ltd	25 years	February 2008
Sunshine Coast HHS	Noosa Hospital	Ramsay Health Care	20 years	September 1999
Sunshine Coast HHS	Sunshine Coast University Private Hospital	Ramsay Health Care	5 years	June 2013
Sunshine Coast HHS	Sunshine Coast University Hospital	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	Trilogy Funds Management Ltd	30 years	January 2012
Townsville HHS	Goodstart Early Learning	Trilogy Funds Management Ltd	32 years	February 2012

In 2012, the State, represented by the 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 buildings as per 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 class at a fair value of \$116 million as at 30 June 2019 (2018: \$116 million). 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.

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. (Because these are future commitments, they are not included in Note 41).

The services agreement with Ramsay Health Care as operators of the Sunshine Coast University Private Hospital (SCUPH) was structured to ensure that service capacity was available for public patients within the facility. The operator was not permitted to change any fees to public patients other than those normally charged for a service in a public hospital. This agreement terminated in September 2018 at which time SCUPH ceased providing services to public patients. After the service term, Ramsay Health Care will continue to operate the entire facility as a private provider of health services for a further 45 years. At the end of the 50 year period the building and related building infrastructure will be transferred to SCHHS.

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

Notes to the Financial Statements

27. Public private partnerships continued

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.

(b) Gold Coast Light Rail - G:link

In May 2011, the State Government entered into a contractual arrangement with GoldLinQ Consortium (GoldLinQ) to finance, design, build, operate and maintain the Gold Coast light rail system linking key activity centres from Griffith University (Gold Coast Campus) and the Gold Coast University Hospital to Broadbeach via Southport. The operation of the system commenced in July 2014. At the end of the 15-year operations period, ownership of the system will be transferred to the State.

GoldLinQ Consortium partially financed construction of the system, with the State providing a capital contribution. During operations, GoldLinQ Consortium will be paid monthly performance based payments for operations, maintenance and repayment of the debt finance used to construct the system. The State will receive fare-box and advertising revenue generated by the system.

In April 2016, the State entered into a contractual arrangement with GoldLinQ for stage two of the Gold Coast Light Rail system. Stage two connects the existing light rail system at Gold Coast University Hospital Light Rail station to heavy rail at the Helensvale station. Stage two of the system commenced operations on 18 December 2017.

(c) Airport Link

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 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) Gateway and Logan Motorways

A Road Franchise Agreement (RFA) was established between the State and Queensland Motorways Limited (QML) in April 2011 for the operation, maintenance and management of the Gateway and Logan Motorways for a period of 40 years. In 2014, Transurban Queensland acquired QML and now operates the Gateway Motorway and Logan Motorway toll roads under the RFA with the State.

In return for collecting the tolls, Transurban Queensland must maintain, operate and manage the toll roads for the period of the franchise and also assumes the demand and patronage risk for the franchise period. The State does not recognise any assets associated with the arrangement. At the end of the RFA concession period, the toll roads infrastructure assets will be transferred to the State.

(e) New Generation Rollingstock

In January 2014, the State Government entered into a 32-year contractual arrangement with NGR Project Company Pty Ltd (Bombardier NGR Consortium) for the design, construction and maintenance of 75 new six car train sets and a new purpose-built maintenance centre. The arrangement will involve the State paying the consortium a series of availability payments over the concession period.

In June 2016, the maintenance centre was accepted by the State. There have been 59 train sets recognised to date with the remaining train sets to be recognised as they are accepted.

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.

At the expiry of the concession period, the State will retain ownership of the trains and the maintenance centre.

(f) Toowoomba Second Range Crossing

In August 2015, the State Government entered into a contractual arrangement with Nexus Infrastructure Consortium to finance, design, build, operate and maintain a range crossing connecting the Warrego Highway at Helidon Spa in the east with the Gore Highway at Athol in the west, via Charlton.

The State will provide contributions during the construction stage of the project and ongoing service payments over the 25 year operation and maintenance period.

The western section of the toll road was opened to traffic in December 2018. The remaining eastern section is completed except for three kilometres being rebuilt due to a significant geotechnical issue. With the opening of the western section, the State recognised a lease asset and a corresponding lease liability. Maintenance payments will be expensed during the relevant year.

Notes to the Financial Statements

27. Public private partnerships continued

Transport and Main Roads continued

(f) Toowoomba Second Range Crossing continued

The Toowoomba Second Range Crossing will be a toll road with Transurban Queensland contracted to collect tolls on behalf of the State.

At the expiry of the concession period, the State will retain ownership of the range crossing.

Housing and Public Works

(a) Development at 1 William Street Brisbane

1 William Street is a commercial office tower development. Cbus Property was the successful tenderer with a bid of \$653 million and on 21 December 2012, the State entered into a sublease pre-commitment via a series of transaction documents involving:

- a project deed (overarching document);
- a development lease (from the State to the developer during construction phase, which runs for approximately 4 years);
- a ground lease (covering land tenure from the State to the developer for 99 years post-construction phase); and
- a sublease (from the developer to the State for the building tenure, being 15 years).

Operating lease commitments of \$812 million (2018: \$877 million) are included in the estimated cash flows below and Note 41.

(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 2019, 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 the Cross River Rail Project. 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, state-of-the-art underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street.

The TSD package reached Financial Close on 1 July 2019 and the RIS package reached contract close in August 2019. (Refer also to Note 44 Post balance date events.)

Further information may be obtained from the individual financial reports of the relevant agencies.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
<i>Estimated net cash flows resulting from Public Private Partnerships</i>				
Inflows				
Not later than 1 year	88	92	88	92
Later than 1 year but not later than 5 years	277	277	277	277
Later than 5 years but not later than 10 years	404	371	404	371
Later than 10 years	428	420	428	420
	1,198	1,161	1,198	1,161
Outflows				
Not later than 1 year	(828)	(1,011)	(828)	(1,011)
Later than 1 year but not later than 5 years	(2,192)	(2,262)	(2,192)	(2,262)
Later than 5 years but not later than 10 years	(3,076)	(2,958)	(3,076)	(2,958)
Later than 10 years	(7,041)	(7,159)	(7,041)	(7,159)
	(13,137)	(13,391)	(13,137)	(13,391)
	(11,939)	(12,230)	(11,939)	(12,230)

Notes to the Financial Statements

28. Inventories	<i>General Government</i>		<i>Total State Sector</i>	
	<i>Sector</i>		<i>2019</i>	<i>2018</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Current				
Raw materials	14	14	306	285
Work in progress	50	42	71	77
Finished goods	153	146	235	217
Land held for resale	335	290	335	290
Inventories held for distribution	31	29	31	29
Assets formerly held for lease	10	8	10	8
Environmental certificates held for sale/surrender	—	—	69	142
Other	4	4	188	178
	<u>597</u>	<u>533</u>	<u>1,246</u>	<u>1,225</u>

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	<i>General Government</i>		<i>Total State Sector</i>	
	<i>Sector</i>		<i>2019</i>	<i>2018</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Land	125	158	137	170
Buildings	20	24	20	24
Investment properties	1	—	2	1
Infrastructure	—	—	1	4
Plant and equipment	—	2	—	61
Intangible assets	—	—	—	11
	<u>145</u>	<u>184</u>	<u>160</u>	<u>272</u>

Non-current assets classified as held for sale consist of those assets that are determined to be available for immediate sale in their present condition and where their sale is highly probable within the next twelve months.

In accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, non-current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell and are not depreciated or amortised.

While an asset is classified as held for sale, an impairment loss is recognised for any write downs of the asset to fair value less estimated costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset but not in excess of any cumulative impairment loss previously recognised.

30. Investment properties	<i>General Government</i>		<i>Total State Sector</i>	
	<i>Sector</i>		<i>2019</i>	<i>2018</i>
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
At independent valuation	353	371	672	687
Less: Accumulated depreciation and impairment losses	—	—	1	2
Land, buildings and work in progress at independent valuation	<u>353</u>	<u>371</u>	<u>671</u>	<u>685</u>
Movements in investment properties were not material.				

Pursuant to AASB 140 *Investment Property*, properties held to earn rental income or for capital gains purposes are classified as investment properties. Such properties are valued at fair value. Changes in fair value are recognised in the Operating Statement as other economic flows and no depreciation expense or asset impairment is recognised.

Notes to the Financial Statements

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:

	<i>General Government</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Cash to be used to further medical research in specified areas	97	96	97	96
Cash and property, plant and equipment to be used for other specific purposes	<u>1,108</u>	<u>998</u>	<u>1,112</u>	<u>1,004</u>
	<u>1,206</u>	<u>1,095</u>	<u>1,210</u>	<u>1,101</u>

32. Property, plant and equipment
General Government Sector

	Land		Buildings		Infrastructure		Major plant and equipment		Heritage and cultural assets		Leased plant and equipment		Capital work in progress		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
	<i>Accumulated depreciation/impairment</i>															
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Land	99,315	94,159	(11)	(11)	(11)	(11)	99,304	94,148								
Buildings	58,962	56,441	(21,529)	(19,856)	37,433	36,585										
Infrastructure	80,551	79,093	(23,260)	(22,880)	57,291	56,213										
Major plant and equipment	98	72	(6)	(2)	93	70										
Heritage and cultural assets	2,203	2,119	(680)	(635)	1,523	1,484										
Plant and equipment	6,775	6,569	(3,961)	(3,783)	2,815	2,787										
Leased plant and equipment	4,810	3,512	(651)	(550)	4,160	2,962										
Capital work in progress	6,761	4,311	—	—	6,761	4,311										
	259,477	246,275	(50,097)	(47,716)	209,380	198,559										

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		Buildings		Infrastructure		Major plant and equipment		Heritage and cultural assets		Leased plant and equipment		Capital work in progress		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount at beginning of year	94,148	91,497	36,585	35,383	56,213	61,405	70	75	1,484	1,400	2					
Acquisitions	176	105	233	259	3	2	—	3	—	—	—					
Disposals	(87)	(67)	(14)	(17)	(1)	—	—	—	—	—	—					
Revaluation increments/(decrements)	4,951	2,574	1,373	1,332	971	(6,124)	(12)	(13)	49	74						
Impairment (losses)/reversals	—	—	—	4	—	—	—	—	—	—	—					
Depreciation and amortisation	—	—	(1,557)	(1,473)	(1,050)	(979)	(7)	(21)	(37)	(37)						
Net asset transfers	116	39	814	1,096	1,155	1,909	42	27	21	45						
Carrying amount at end of year	99,304	94,148	37,433	36,585	57,291	56,213	93	70	1,523	1,484						
			<i>Plant and equipment</i>		<i>Leased plant and equipment</i>		<i>Capital work in progress</i>									
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount at beginning of year	2,787	2,745	2,962	2,592	4,311	3,710	198,559	198,807								
Acquisitions	325	366	955	584	4,864	3,900	6,563	5,221								
Disposals	(27)	(29)	(1)	(2)	(7)	(1)	(116)	(116)								
Revaluation increments/(decrements)	(1)	(1)	66	(85)	—	—	—	—	—	—	—					
Impairment (losses)/reversals	—	—	—	—	—	—	—	—	—	—	—					
Depreciation and amortisation	(562)	(588)	(101)	(77)	(2,407)	(3,314)	(3,175)	4								
Net asset transfers	293	293	279	(50)	(2,407)	(3,299)	312	61								
Carrying amount at end of year	2,815	2,787	4,160	2,962	6,761	4,311	209,380	198,559								

Notes to the Financial Statements

32. Property, plant and equipment continued
Total State Sector

	Gross		Accumulated depreciation/impairment		Written down value	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Land	101,607	96,614	(48)	(51)	101,559	96,563
Buildings	62,490	59,790	(23,221)	(21,407)	39,269	38,382
Infrastructure	165,972	161,523	(54,146)	(51,786)	111,827	109,737
Major plant and equipment	1,795	1,810	(907)	(916)	889	894
Heritage and cultural assets	2,204	2,119	(680)	(635)	1,524	1,485
Plant and equipment	11,574	11,172	(6,813)	(6,298)	4,761	4,875
Leased plant and equipment	4,819	3,521	(659)	(558)	4,160	2,963
Capital work in progress	7,592	5,042	—	(4)	7,592	5,039
	358,053	341,592	(86,473)	(81,654)	271,580	259,937

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		Buildings		Infrastructure		Major plant and equipment		Heritage and cultural	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Carrying amount at beginning of year	96,563	93,874	38,382	37,139	109,737	113,768	894	935	1,485	1,400
Acquisitions	180	105	234	259	94	65	—	4	7	2
Disposals	(90)	(69)	(16)	(18)	(27)	(34)	—	—	—	—
Revaluation increments/(decrements)	4,779	2,612	1,366	1,413	1,480	(5,034)	(39)	(40)	49	74
Impairment (losses)/reversals	3	4	—	3	(17)	(73)	—	—	—	—
Depreciation and amortisation	—	—	(1,670)	(1,580)	(3,088)	(2,902)	(59)	(70)	(37)	(37)
Net asset transfers	124	38	973	1,166	3,647	3,946	93	65	21	45
Carrying amount at end of year	101,559	96,563	39,269	38,382	111,827	109,737	889	894	1,524	1,485

	Plant and equipment		Leased plant and equipment		Capital work in progress		Total	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Carrying amount at beginning of year	4,875	4,730	2,963	2,592	5,039	4,531	259,937	258,970
Acquisitions	373	413	955	584	7,287	6,194	9,129	7,626
Disposals	(41)	(70)	(1)	(2)	(15)	(12)	(190)	(206)
Revaluation increments/(decrements)	(100)	138	66	(85)	—	—	7,602	(921)
Impairment (losses)/reversals	(30)	(30)	—	—	—	(4)	(44)	(70)
Depreciation and amortisation	(866)	(942)	(102)	(77)	—	—	(5,823)	(5,608)
Net asset transfers	551	607	279	(50)	(4,719)	(5,669)	969	147
Carrying amount at end of year	4,761	4,875	4,160	2,963	7,592	5,039	271,580	259,937

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:

<u>Asset class</u>	<u>Asset recognition threshold</u>
Land	\$1 (all land)
Buildings	\$10,000
Infrastructure	\$10,000
Plant & equipment	\$5,000
Major plant & equipment	An amount greater than or equal to \$5,000, the exact amount of which is at the agency's discretion.
Leased assets (finance leases)	The threshold for the class to which the asset would belong if it were not subject to a finance lease.
Heritage & cultural assets	\$5,000
Work in progress	n/a
Library reference collections	\$1,000,000

Asset recognition thresholds for other entities within the TSS do not exceed the thresholds above.

Items with a cost or other value below each entity's recognition threshold are expensed in the year of acquisition. Cost is determined as the value given as consideration, plus costs incidental to the acquisition including all other costs incurred in getting the assets ready for use. Training, marketing and advertising costs are expensed as incurred.

In accordance with AASB 116, administration and other general overhead costs are expensed in the year they are incurred. Overhauls and major inspections are only capitalised if it is probable that future economic benefits associated with them will flow to the entity and their cost can be measured reliably. Any remaining carrying amount of the cost of the previous inspection/overhaul (as distinct from physical parts) is derecognised.

Assets acquired at no cost or for nominal consideration that can be measured reliably, are recognised initially as assets and revenues at their fair value at the date of acquisition.

Recording and valuation

Land, buildings, infrastructure, major plant and equipment and heritage and cultural assets are valued at fair value in accordance with AASB 13, AASB 116 and *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector*.

Other classes of assets are valued at cost which approximates fair value.

On initial recognition, all costs incurred in purchasing or constructing the asset and getting it ready for use are capitalised to the value of the asset. Costs also include the initial estimate of the costs of dismantling and restoring the site on which it is located, where that obligation is recognised and measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Notes to the Financial Statements

32. Property, plant and equipment continued

Recognition and measurement continued

Recording and valuation continued

Subsequent costs are added to the carrying amount of the asset when it improves the condition of the asset beyond its originally assessed standard of performance or capacity. Otherwise, subsequent costs are expensed.

Non-current physical assets measured at fair value are comprehensively revalued once every five years or as appropriate, with interim valuations using relevant indices being otherwise performed on an annual basis. Separately identified components of assets are measured on the same basis as the assets to which they relate.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation reserve for that class of assets, except to the extent it reverses a revaluation decrement for the class of assets previously recognised as an other economic flow 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.

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.

Land under roads

The value included in the balance of land under road is approximately \$61.8 billion (2018: \$57.7 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.

Notes to the Financial Statements

32. Property, plant and equipment continued

Recognition and measurement continued

Property, plant and equipment held for rental

Items of property, plant and equipment that have been held for rental to others are routinely sold in the course of the State's ordinary business. These assets are transferred to inventories at their carrying amount when they cease to be rented and become held for sale. Cash flows received from the subsequent sale of assets that were previously held for rental to others and cash paid to purchase these assets are recognised as operating activities rather than investing activities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the State include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the State include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the State'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.

Notes to the Financial Statements

32. Property, plant and equipment continued
Level 3 fair value reconciliation
General Government Sector

	<i>Land</i>		<i>Buildings</i>		<i>Infrastructure</i>		<i>Major plant and equipment</i>		<i>Heritage and cultural</i>	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Carrying amount at beginning of year	70,814	68,125	32,134	31,216	56,214	61,404	67	72	1,475	1,378
Acquisitions	5	1	235	263	3	3	—	2	11	6
Disposals	(65)	(53)	(7)	(13)	(1)	—	—	—	(12)	—
Revaluation increments/(decrements)	4,203	1,752	1,282	1,179	975	(6,125)	—	(11)	57	80
Impairment (losses)/reversals	—	—	—	72	—	—	—	—	—	1
Depreciation and amortisation	—	(3)	(1,429)	(1,355)	(1,050)	(975)	—	(23)	(36)	(36)
Net asset transfers	371	993	625	771	1,155	1,908	(67)	27	19	45
Carrying amount at end of year	75,329	70,814	32,840	32,134	57,297	56,214	—	67	1,514	1,475
	<i>Leased plant and equipment</i>									
	<i>2019</i>		<i>2018</i>		<i>2019</i>		<i>2018</i>		<i>Total</i>	
Carrying amount at beginning of year	588	536	161,292	162,730	588	536	161,292	162,730	588	536
Acquisitions	81	33	—	—	—	—	—	—	—	—
Disposals	—	—	—	(84)	—	—	—	(84)	—	(66)
Revaluation increments/(decrements)	20	22	6,537	(3,102)	20	22	6,537	(3,102)	20	22
Impairment (losses)/reversals	—	—	—	—	—	—	—	—	—	—
Depreciation and amortisation	(1)	(4)	(2,516)	(2,395)	(1)	(4)	(2,516)	(2,395)	(1)	(4)
Net asset transfers	(5)	—	2,097	3,744	(5)	—	2,097	3,744	(5)	—
Carrying amount at end of year	682	588	167,662	161,292	682	588	167,662	161,292	682	588

Notes to the Financial Statements

32. Property, plant and equipment continued
Level 3 fair value reconciliation continued
Total State Sector

	<i>Land</i>		<i>Buildings</i>		<i>Infrastructure</i>		<i>Major plant and equipment</i>		<i>Heritage and cultural assets</i>		
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M	
Carrying amount at beginning of year	71,993	69,272	34,013	33,053	109,706	113,724	891	931	1,475	1,378	
Acquisitions	5	2	237	264	109	49	—	4	11	6	
Disposals	(66)	(54)	(9)	(14)	(34)	(24)	—	(1)	(12)	—	
Revaluation increments/(decrements)	4,229	1,789	1,275	1,257	1,490	(5,037)	(27)	(38)	57	80	
Impairment (losses)/reversals	2	(2)	—	74	12	(68)	—	—	—	1	
Depreciation and amortisation	—	(3)	(1,542)	(1,461)	(3,087)	(2,897)	(52)	(71)	(36)	(36)	
Net asset transfers	383	990	766	840	3,588	3,960	(16)	66	19	45	
Carrying amount at end of year	<u>76,546</u>	<u>71,993</u>	<u>34,741</u>	<u>34,013</u>	<u>111,783</u>	<u>109,706</u>	<u>796</u>	<u>891</u>	<u>1,514</u>	<u>1,475</u>	
	<i>Leased plant and equipment</i>										
	2019 \$M		2018 \$M		2019 \$M		2018 \$M		Total 2019 \$M		2018 \$M
Carrying amount at beginning of year	588		536		218,666		218,894				
Acquisitions	81		33		443		359				
Disposals	—		—		(121)		(93)				
Revaluation increments/(decrements)	20		22		7,044		(1,927)				
Impairment (losses)/reversals	—		—		14		4				
Depreciation and amortisation	(1)		(4)		(4,719)		(4,473)				
Net asset transfers	(5)		—		4,736		5,902				
Carrying amount at end of year	<u>682</u>		<u>588</u>		<u>226,063</u>		<u>218,666</u>				

Notes to the Financial Statements

32. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value

General Government Sector

<u>Description</u>	<u>Fair value at 30 June 2019</u> \$M	<u>Significant unobservable inputs</u>
Land	75,329	<p>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 land under roads, reserves, unallocated state land, national parks and leasehold land.</p> <p>Land under roads not subject to freehold or leasehold title or reserve tenure vests in the State. This land is valued using the englobo approach as agreed by State Valuers-General. Further details on this valuation approach are outlined above. The most significant unobservable input in the valuation of land under roads is the valuers' judgement in relation to the value that the market would assign to the restrictions placed on the land.</p> <p>The valuation of reserves and unallocated state land is based, where possible, on recent sales in the general location of the land, adjusted for specific attributes of and restrictions on the land being valued. As such, the most significant unobservable input into the valuation of reserves and unallocated state land is the valuers' professional judgement applied in determining the fair value.</p> <p>National park land is valued with reference to sales of land with a similar topography and location. This market data is adjusted by the valuer to reflect the nature of restrictions upon national park land. Accordingly, the most significant input to the valuation of national park land is the valuers' judgement in relation to the adjustments potential market participants would make to the price paid for this land in light of the restrictions.</p> <p>Leasehold land is valued using the present value of the future income from leases over the land. In calculating the value of leasehold land, the discount rate applied to the leases is a significant unobservable input.</p>
Buildings	32,840	<p>Buildings classified as Level 3 are those which, due to their specialised nature and/or construction, do not have an active market. These assets are generally valued using a current replacement cost approach.</p> <p>Within level 3 buildings, major sub-groups exist which are valued using similar methods. The most significant of these groups are schools and early childhood buildings, correctional centres, court houses and juvenile justice facilities, health services buildings (including hospitals) and social housing.</p> <p>Schools and early childhood buildings are valued on a current replacement cost basis, utilising published current construction costs for the standard components of the buildings. Adjustment and allowances are made for specialised fit out requirements and more contemporary construction/design approaches. Significant judgement is also required in determining the remaining service life of these buildings.</p> <p>Correctional centres, court houses and juvenile justice facilities are valued using a current replacement cost approach. Significant inputs into this approach are construction costs, locality allowances for regional and remote facilities, remaining useful life and current condition assessments.</p>

Notes to the Financial Statements

32. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value continued

General Government Sector continued

<u>Description</u>	<u>Fair value at 30 June 2019 \$M</u>	<u>Significant unobservable inputs</u>
Buildings continued		<p>Health services buildings (including hospitals) are valued using current replacement cost. In determining the replacement cost of each building, the estimated replacement cost of the asset or the likely cost of construction, including fees, on-costs if tendered on the valuation date are assessed based on historical records and adjusted for contemporary design/construction practices. The resulting values are adjusted using published locality indices to allow for regional and remote location. The valuers apply professional judgement in assessing the assets' current condition and remaining service life.</p> <p>Social housing is valued using market based inputs. However, because multi-unit properties do not have separate titles, significant adjustments are made by valuers. Significant unobservable inputs to the valuers' adjustments are the discount rates applied to represent the cost of obtaining strata title.</p>
Infrastructure	57,297	<p>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.</p> <p>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.</p>
Heritage and cultural assets	1,514	<p>Heritage and cultural assets are mainly comprised of unique or iconic items which are considered to be of historical or cultural significance. These assets are primarily held by the Queensland Art Gallery and the Queensland Museum. While some of these items are able to be traded, such transactions are highly individualised and accordingly it is not considered that there is an active market for these types of assets.</p> <p>Collections held by the Queensland Art Gallery and Queensland Museum are largely valued on an individual basis with reference to recent transactions in similar works or the cost of replicating or recollecting items. Due to the unique nature of these items, despite some reliance on recent transactions in similar items, the most significant input to the valuation of collections held by the Queensland Art Gallery and Queensland Museum is the professional judgement of the valuer.</p>

Notes to the Financial Statements

32. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value continued

Total State Sector

<u>Description</u>	<u>Fair value at 30 June 2019 \$M</u>	<u>Significant unobservable inputs</u>
Infrastructure	111,783	<p>In addition to the infrastructure assets identified above in the GGS, level 3 infrastructure for the TSS includes rail, ports, electricity and water infrastructure assets.</p> <p>The majority of water infrastructure assets (mainly Seqwater) are valued using an income based approach. Unobservable inputs in this type of valuation include assumptions about future market conditions and selection of an appropriate discount rate. The discount rate is a significant unobservable input to the valuation of water infrastructure.</p> <p>Port infrastructure has been largely valued using an income based approach. Inherent in this valuation process are assumptions in relation to future operating cash flows, projected capital replacement and selection of an appropriate discount rate (equal to the Weighted Average Cost of Capital) for the organisation holding the assets. The discount rate has a significant impact upon the final valuation and, being based upon professional judgement, is an unobservable input.</p> <p>The valuation of electricity distribution and transmission infrastructure is undertaken using an income based approach. Being regulated assets, significant professional judgement is required in forecasting future cash flows. The significant unobservable inputs affecting the valuation of electricity infrastructure include assumptions about future revenue cash flows, future capital expenditure requirements and selection of an appropriate discount rate.</p> <p>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.</p> <p>The majority of rail infrastructure is valued using a current replacement cost methodology except for regional freight assets which are valued on a discounted cash flow basis. The significant unobservable inputs to the current replacement cost valuation are costs to replace existing assets and the assessments of current asset condition and remaining useful life.</p>
Major Plant and Equipment	796	<p>Major plant and equipment in the TSS is primarily Queensland Rail rollingstock.</p> <p>Rollingstock is valued using a current replacement cost approach. The significant unobservable inputs to the valuation of rollingstock are estimated costs to replace existing assets and the assumptions made about current asset condition and remaining useful life.</p>

Notes to the Financial Statements

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	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Software development	1,949	1,844	(1,219)	(1,147)	729	698
Purchased software	314	322	(268)	(259)	47	63
Other	64	68	(25)	(23)	40	46
	<u>2,327</u>	<u>2,235</u>	<u>(1,512)</u>	<u>(1,429)</u>	<u>816</u>	<u>806</u>
	<i>Software</i>	<i>Other</i>	<i>Software</i>	<i>Other</i>	<i>Software</i>	<i>Other</i>
	2019 \$M	2018 \$M	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Carrying amount at beginning of year	760	724	46	39	806	763
Acquisitions	8	8	3	4	11	12
Acquisitions through internal development	150	178	—	—	150	178
Disposals	(6)	(1)	—	—	(6)	(1)
Impairment (losses)/reversals ¹	—	(1)	—	—	—	(1)
Amortisation	(137)	(151)	(7)	(6)	(144)	(157)
Net asset transfers	—	3	(1)	9	(1)	12
Carrying amount at end of year	<u>776</u>	<u>760</u>	<u>40</u>	<u>46</u>	<u>816</u>	<u>806</u>

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Notes to the Financial Statements

33. Intangibles continued

Total State Sector

	Gross		Accumulated amortisation		Written down value	
	2019	2018	2019	2018	2019	2018
	\$M	\$M	\$M	\$M	\$M	\$M
Software development	3,063	2,931	(1,944)	(1,867)	1,119	1,064
Purchased software	680	591	(471)	(440)	210	151
Licences and rights	116	116	(103)	(103)	13	13
Other	372	372	(159)	(73)	213	300
	4,231	4,011	(2,676)	(2,483)	1,555	1,528

	Software		Licences and rights		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Carrying amount at beginning of year	1,215	1,149	13	13	300	304	1,528	1,466
Acquisitions	27	24	—	—	3	7	30	31
Acquisitions through internal development	349	309	—	—	—	—	349	309
Disposals	(6)	(1)	—	—	—	—	(6)	(1)
Revaluation increments/(decrements)	—	—	—	—	210	—	210	—
Impairment (losses)/reversals ¹	—	(1)	—	—	(75)	—	(75)	(1)
Amortisation	(253)	(258)	—	—	(18)	(19)	(270)	(277)
Net asset transfers	(4)	(6)	—	—	(206)	8	(210)	2
Carrying amount at end of year	1,329	1,215	13	13	213	300	1,555	1,528

Intangible assets are recognised in accordance with AASB 138 *Intangible Assets*. *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector* which is applicable to departments and statutory bodies, mandates classes of non-current physical and intangible assets. Software is classified as an intangible asset, rather than property, plant and equipment unless it is an integral part of the related hardware.

Internally generated goodwill, brands and items of similar substance, as well as expenditure on initial research, are specifically excluded from being recognised in the Balance Sheet.

In accordance with the *Non-Current Assets Policies for the Queensland Public Sector*, the recognition threshold for departments and statutory bodies is \$100,000. Items with a lesser value are expensed. The threshold for other entities does not exceed this amount.

Internally generated intangible assets are only revalued where an active market exists for the asset in question, otherwise they are measured at cost.

¹ For information on Impairment policies, refer to Note 16.

Notes to the Financial Statements

	<i>General Government</i>		<i>Total State Sector</i>	
	<i>Sector</i>			
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
34. Other non-financial assets				
Current				
Prepayments	301	889	401	996
Other	5	3	4	3
	<u>306</u>	<u>892</u>	<u>405</u>	<u>999</u>
Non-current				
Biological assets	7	8	7	9
Prepayments	141	28	168	51
Other	10	2	17	9
	<u>157</u>	<u>39</u>	<u>192</u>	<u>68</u>
	<u>463</u>	<u>931</u>	<u>597</u>	<u>1,067</u>

Other non-financial assets primarily represent prepayments by the State. These prepayments include salaries and wages, grant payments, prepayments under finance lease agreements and payments of a general nature made in advance.

Under AASB141 Agriculture, biological assets are defined as living animals and plants. They are distinguished from other assets by the fact that they have the natural capacity to grow and/or procreate.

Biological assets are recognised at fair value and include livestock (comprising cattle, horses, and sheep) and plants (comprising grain and cotton crops).

	<i>General Government</i>		<i>Total State Sector</i>	
	<i>Sector</i>			
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
35. Payables				
Current				
Trade creditors	2,496	2,075	3,245	2,869
Grants and other contributions	505	317	720	528
GST payable	50	58	139	152
Other payables	1,809	1,720	2,051	1,826
	<u>4,860</u>	<u>4,170</u>	<u>6,156</u>	<u>5,375</u>
Non-current				
Trade creditors	276	263	313	294
Grants and other contributions	—	—	25	265
Other payables	6	5	8	7
	<u>282</u>	<u>268</u>	<u>346</u>	<u>566</u>
	<u>5,142</u>	<u>4,438</u>	<u>6,502</u>	<u>5,941</u>

Payables mainly represent amounts owing for goods and services provided to the State prior to the end of the financial year. The amounts are unsecured, are usually paid within 30 days of recognition and are non-interest bearing.

Payables are recognised at amortised cost using the effective interest rate method.

36. Employee benefit obligations

(a) Superannuation liability				
Current				
Superannuation (refer Note 48)	1,641	2,039	1,641	2,039
Judges' pensions (refer Note 48)	24	23	24	23
	<u>1,666</u>	<u>2,062</u>	<u>1,666</u>	<u>2,062</u>
Non-current				
Superannuation (refer Note 48)	24,371	23,135	24,108	22,766
Judges' pensions (refer Note 48)	949	804	949	804
	<u>25,320</u>	<u>23,939</u>	<u>25,057</u>	<u>23,571</u>
	<u>26,986</u>	<u>26,000</u>	<u>26,723</u>	<u>25,632</u>

Superannuation/retirement benefit obligations

A superannuation liability for the State public sector is recognised in respect of the various employees' accrued superannuation benefits and represents the difference between the net market value of plan assets and the estimated accrued superannuation benefits at year end.

The present value of the accrued benefits is calculated using the projected unit credit method and represents the actuarial value of all benefits that are expected to become payable in the future in respect of contributions made or periods of service completed prior to the valuation date, allowing for future salary increases.

Notes to the Financial Statements

36. Employee benefit obligations continued

Superannuation/retirement benefit obligations continued

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 2019 was 1.3% (2018: 2.6%).

Employees in the electricity industry contribute to an industry multiple employer superannuation fund, Energy Super Fund (ESF). The ESF uses discount rates in 2019 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.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
(b) Other employee benefits				
Current				
Salary and wages payable	870	743	965	840
Annual leave	1,994	1,859	2,215	2,061
Long service leave	524	451	1,007	862
Other employee entitlements	76	65	184	192
	<u>3,465</u>	<u>3,118</u>	<u>4,371</u>	<u>3,955</u>
Non-current				
Long service leave	3,951	3,570	4,008	3,625
Other employee entitlements	11	11	18	20
	<u>3,963</u>	<u>3,580</u>	<u>4,025</u>	<u>3,645</u>
	<u>7,428</u>	<u>6,698</u>	<u>8,397</u>	<u>7,600</u>

Wages, salaries and sick leave

Liabilities for wages and salaries are accrued at year end. For most agencies, sick leave is non-vesting and is expensed as incurred. Liabilities have been calculated based on wage and salary rates at the date they are expected to be paid and include related on-costs.

Annual leave

The Annual Leave Central Scheme (ALCS) was established on 30 June 2008 to centrally fund annual leave obligations of departments, commercialised business units and shared service providers. Members pay a levy equal to their accrued leave cost into the scheme and are reimbursed by the scheme for annual leave payments made to their employees. Entities that do not participate in the ALCS continue to determine and recognise their own leave liabilities.

The State's annual leave liability has been calculated based on wage and salary rates at the date they are expected to be paid and include related on-costs. In accordance with AASB 119 *Employee Benefits*, where annual leave is not expected to be paid within 12 months, the liability is measured at the present value of the future cash flows.

Long service leave

A levy of 2.1% of salary and wages costs is paid by participating agencies (predominantly Government departments) into the Long Service Leave Central Scheme which was introduced in 1999-2000. Amounts paid to employees for long service leave are then claimed from the scheme as a reimbursement. The liability is assessed annually by the State Actuary.

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 2019 was 1.3% (2018: 2.6%).

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.

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
37. Deposits, borrowings and advances, securities and derivatives				
(a) Deposits held				
Current				
Deposits at fair value through profit or loss	—	—	5,219	4,684
Interest bearing security deposits	—	—	14	15
	<u>—</u>	<u>—</u>	<u>5,233</u>	<u>4,699</u>
(b) Advances				
Advances received				
Current				
Commonwealth	87	38	87	38
Public Non-financial Corporations	2,268	2,284	—	—
	<u>2,355</u>	<u>2,322</u>	<u>87</u>	<u>38</u>
Non-current				
Commonwealth	337	425	337	425
	<u>2,692</u>	<u>2,747</u>	<u>424</u>	<u>462</u>
(c) Borrowing with QTC				
Current				
Borrowing with QTC	39	106	—	—
Non-Current				
Borrowing with QTC	29,429	29,150	—	—
	<u>29,468</u>	<u>29,256</u>	<u>—</u>	<u>—</u>
At 30 June 2019, \$4.445 billion was held in a redraw facility with QTC (2018: \$4.57 billion) and offset against Borrowing with QTC in the Balance Sheet.				
(d) Leases and other loans				
Current				
Finance lease liability (refer Note 41)	43	201	43	201
Loans - other	12	11	12	80
	<u>55</u>	<u>212</u>	<u>55</u>	<u>281</u>
Non-Current				
Finance lease liability (refer Note 41)	1,835	1,197	1,835	1,197
Loans - other	722	734	1,075	989
	<u>2,557</u>	<u>1,931</u>	<u>2,910</u>	<u>2,186</u>
	<u>2,612</u>	<u>2,142</u>	<u>2,965</u>	<u>2,467</u>
Lease liabilities are effectively secured, as the rights to the leased assets revert to the lessor in the event of a default. Interest on finance leases is recognised as an expense as it accrues.				
(e) Securities and derivatives				
Current				
Government securities issued	—	—	14,126	15,134
Derivatives				
Derivatives - cash flow hedges	—	—	202	77
Other derivatives	—	—	245	170
	<u>—</u>	<u>—</u>	<u>14,573</u>	<u>15,381</u>
Non-current				
Government securities issued	—	—	87,541	81,073
Derivatives				
Derivatives - cash flow hedges	—	—	67	15
Other derivatives	121	122	605	238
	<u>121</u>	<u>122</u>	<u>88,213</u>	<u>81,327</u>
	<u>121</u>	<u>122</u>	<u>102,786</u>	<u>96,708</u>

Deposits held, advances, borrowing with QTC and leases and other loans, securities and derivatives 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.

Notes to the Financial Statements

37. Deposits, borrowings and advances, securities and derivatives continued

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, and finance lease and other loans. 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.

Financial liabilities at fair value through profit or loss include deposits, government securities issued by QTC and derivatives. In relation to deposits, income derived from their investment accrues to depositors daily. The amount shown in the Balance Sheet represents the market value of deposits held at balance date. Collateral held and securities which are sold under agreements to repurchase are disclosed as deposits.

Government securities issued include short-term treasury notes, Australian and overseas bonds and floating rate notes principally raised by QTC.

Derivative financial instruments

The State, through its controlled entities, enters into derivative financial instruments in the normal course of business in order to hedge exposure to movements in interest rates, electricity prices and foreign currency exchange rates. Certain criteria must be met in order for derivatives to be hedge accounted. GGS entities do not trade in derivatives.

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting period.

Derivative instruments are used to hedge the State's exposures to interest rate, foreign currency, commodity prices and credit risks as part of asset and liability management activities. In addition, they may also be used to deliver long term floating rate or long term fixed rate exposure. Derivatives may be designated as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). Gains or losses on fair value hedges are recognised as other economic flows included in the operating result. Gains or losses on the effective portion of cash flow hedges are recognised directly in the hedge reserve in equity, while the ineffective portion is recognised immediately as other economic flows included in the operating result.

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, time period and region, 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 commodity swaps to hedge against price fluctuations of commodities such as diesel fuel and gas and forward exchange contracts and cross currency swaps to protect against foreign exchange movements. The total amount of these derivatives is not material.

Notes to the Financial Statements

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 three years. As at 30 June 2019, the notional amount of electricity hedges outstanding over the next three years and their price ranges are as follows:

	2019	
	Nominal quantity GWh	Price range \$/MWh
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
<i>Effects of hedge accounting on financial position and performance</i>		
	Total State Sector	
	2019	2018
	\$M	\$M
Carrying amount of hedging instruments - assets	64	106
Carrying amount of hedging instruments - liabilities	269	92
Change in fair value of hedging instruments - gain/(loss) - for calculating hedge ineffectiveness	(325)	NA
Change in value of hedged items - gain/(loss) - for calculating hedge ineffectiveness	333	NA
Hedge ineffectiveness recognised in profit or loss ¹	(6)	NA
¹ Hedge ineffectiveness is recognised in Revaluation increments/decrements - see Note 16		
<i>Cash flow hedge reserve reconciliation:</i>		
Opening balance	(37)	(281)
Effective portion of hedging gains or losses recognised in equity	(244)	288
Amounts reclassified to profit or loss - hedged item has affected profit or loss ²	33	20
Closing balance	(248)	26

² Reclassification adjustments are included in Sales of goods and services (for sales) or Other operating expenses (for purchases)

The difference of \$63 million between the 30 June 2018 closing balance and the 1 July 2018 opening balance is due to the implementation of AASB 9.

The 30 June 2019 closing balance of the cash flow hedge reserve relates to continuing hedges, with the exception of negative \$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 2019 or 2018.

(ii) Derivatives which do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting as they are held for trading or not designated as hedges. These instruments typically include some electricity derivatives such as swaps, caps and options and environmental derivatives contracts, such as forward contracts and options. Interest rate swaps, forward rate agreements, options and credit default swaps are also used to hedge exposure to interest rate movements, foreign currency and credit risks but are not hedge accounted.

	General Government Sector		Total State Sector	
	2019	2018	2019	2018
	\$M	\$M	\$M	\$M
38. Provisions				
Current				
Outstanding claims				
Workers' compensation	—	—	1,210	1,070
Other	275	219	285	228
Onerous contracts	—	—	9	1
National Injury Insurance Scheme Queensland	—	—	31	24
Queensland Government Insurance Fund	333	128	333	128
Other	154	170	240	254
	763	517	2,108	1,705

Notes to the Financial Statements

	General Government		Total State Sector	
	Sector		2019	2018
	2019	2018	2019	2018
	\$M	\$M	\$M	\$M
38. Provisions continued				
Non-current				
Outstanding claims				
Workers' compensation	—	—	1,814	1,650
Other	810	756	821	769
Onerous contracts	—	—	176	146
National Injury Insurance Scheme Queensland	—	—	1,634	861
Queensland Government Insurance Fund	1,431	1,139	1,431	1,139
Other	213	172	908	771
	<u>2,454</u>	<u>2,067</u>	<u>6,784</u>	<u>5,336</u>
	<u>3,217</u>	<u>2,584</u>	<u>8,892</u>	<u>7,042</u>

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 Sector	
	Sector		2019	2018
	2019	2018	2019	2018
	\$M	\$M	\$M	\$M
Outstanding claim recoveries and reinsurance receivables	14	11	178	183

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.

(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 2019 was 1.6% (2018: 2.7%) and the inflation rate was 2.6% (2018: 3%). The risk margin applied was 9% (2018: 9.6%).

(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 for in conjunction with their Compulsory Third Party (CTP) premium and registration. The levy is set annually and is based on actuarial advice to fully fund present and likely future liabilities of the scheme. Scheme liabilities are long term in nature and estimates of costs are sensitive to underlying financial assumption for inflation and the discount rate. Actuarial assumptions underpinning the levy adopt long-term assumptions for inflation and the discount rate to support year to year levy stability (3.8% p.a. and 5.5% p.a. respectively for 2018-19).

NIISQ provisions are assessed annually by independent actuaries and are measured in accordance with AASB 137 as the present value of the expected future payments for claims of the NIISQ incurred up to 30 June 2019, including claims incurred but not reported. The estimate of the NIISQ provision is based on market consistent assumptions of 3.1% p.a. inflation and the discount rate of 2.6% p.a. as at 30 June 2019 (3.4% and 3.6% respectively for 2018).

Notes to the Financial Statements

38. Provisions continued

Outstanding Claims continued

(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 2019 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 2019 was 1.2% (2018: 2.5%).

(v) Wages and Savings Class Action Settlement (Pearson v State of Queensland)

In September 2016, a class action on behalf of a certain group of Aboriginal and Torres Strait Islander people who were subject to the Protection Acts controls was brought against the State of Queensland for the alleged breach of trust and fiduciary duty regarding the handling of accounts and the management of wages obtained under the Protection Acts during the period 1939 to 1972.

On 3 July 2019, the parties to the litigation reached a conditional settlement of the claims and on 9 July 2019, the Deputy Premier made an announcement confirming that an in-principle settlement had been agreed. The agreed amount of \$190 million represents a global settlement. Refer to Note 44 Post balance date events.

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 upwards by \$25 million during the year due to a change in future years' cash flow assumptions.

The extent of the future losses from the power purchase/pooling agreements will depend on future wholesale pool prices as well as the need for the State to meet its network support obligations. The future level of Queensland wholesale pool prices remains significantly uncertain. The critical determinants of future pool prices will be the bidding behaviour of participants in the National Electricity Market, load growth, network reliability and the introduction of new generation capacity. The discount rate used reflects current market assessments of the time value of money and the risks specific to these obligations.

(ii) Restoration provisions

Provisions are recognised for dismantling, removal and restoration costs where a constructive obligation exists. The present value of the obligation is recorded in the initial cost of the asset.

General Government Sector movements in provisions

	Outstanding Claims 2019 \$M	QGIF 2019 \$M	Other Provisions 2019 \$M	Total 2019 \$M
Carrying amount at beginning of year	976	1,267	341	2,584
Additional provisions recognised	265	583	97	945
Reductions in provisions and payments	(158)	(151)	(72)	(381)
Change from remeasurement and discounting adjustments	4	65	—	69
Carrying amount at end of year	<u>1,086</u>	<u>1,764</u>	<u>367</u>	<u>3,217</u>

Total State Sector movements in provisions

	Outstanding Claims 2019 \$M	NISQ 2019 \$M	QGIF 2019 \$M	Other Provisions 2019 \$M	Total 2019 \$M
Carrying amount at beginning of year	3,716	885	1,267	1,173	7,042
Additional provisions recognised	2,287	523	583	112	3,505
Reductions in provisions and payments	(1,664)	(33)	(151)	(83)	(1,931)
Change from remeasurement and discounting adjustments	(209)	289	65	131	276
Carrying amount at end of year	<u>4,130</u>	<u>1,665</u>	<u>1,764</u>	<u>1,333</u>	<u>8,892</u>

Notes to the Financial Statements

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
39. Other liabilities				
Current				
Unearned revenue	466	479	660	663
Environmental surrender obligations (RECs, GECs, NGACs)	—	—	148	164
Other	133	157	113	129
	<u>599</u>	<u>637</u>	<u>921</u>	<u>957</u>
Non-current				
Unearned revenue	245	243	719	700
Other	208	197	217	206
	<u>453</u>	<u>439</u>	<u>936</u>	<u>906</u>
	<u><u>1,052</u></u>	<u><u>1,076</u></u>	<u><u>1,856</u></u>	<u><u>1,863</u></u>
40. Notes to the Cash Flow Statement				
(a) Reconciliation of operating result to net cash flows from operating activities				
Operating result	173	640	(4,048)	1,346
Non-cash movements:				
Depreciation and amortisation	3,458	3,332	6,068	5,860
Net (gain)/loss on disposal of non-current assets	(42)	(29)	(346)	(177)
Impairment and write-off of bad debts	9	(28)	151	54
Equity accounting (profit)/loss	(1)	2	(1)	2
Unrealised net (gain)/loss on borrowings/investments	26	50	4,321	(551)
Revaluation (increments)/decrements	299	108	(2,070)	(1,730)
Net asset write downs, transfers and donations	(241)	(322)	(338)	(371)
Other	306	870	347	908
(Increase)/decrease in receivables	344	(370)	43	(70)
(Increase)/decrease in inventories	(3)	9	(93)	(149)
(Increase)/decrease in prepayment and other assets	(7)	(39)	—	(45)
Increase/(decrease) in payables	793	406	562	328
Increase/(decrease) in provisions	654	675	1,806	1,133
Increase/(decrease) in other liabilities	(13)	(132)	157	93
Total non-cash movements	<u>5,581</u>	<u>4,531</u>	<u>10,608</u>	<u>5,286</u>
Cash flows from operating activities	<u><u>5,754</u></u>	<u><u>5,171</u></u>	<u><u>6,560</u></u>	<u><u>6,632</u></u>

Notes to the Financial Statements

40. Notes to the Cash Flow Statement continued

(b) Changes in liabilities arising from financing activities

General Government Sector									
	Cash Flows				Non-Cash Changes				<i>Closing Balance 2019</i> \$M
	<i>Opening Balance 2018</i> \$M	<i>Cash Received</i> \$M	<i>Cash Payments</i> \$M	<i>New Leases</i> \$M	<i>Market Value Adjustment</i> \$M	<i>Time Value Adjustment</i> \$M	<i>Transfers/Reclass</i> \$M	<i>Other</i> \$M	
Advances	2,747	3,070	(3,127)	—	—	2	—	—	2,692
QTC Borrowings	29,256	116	(72)	—	—	—	169	—	29,468
Other loans	744	—	(11)	—	—	—	—	—	733
Leases	1,398	—	(470)	955	—	—	(18)	14	1,879
Other financing	122	—	(1)	—	—	—	—	—	121
	<u>34,267</u>	<u>3,187</u>	<u>(3,680)</u>	<u>955</u>	<u>—</u>	<u>2</u>	<u>151</u>	<u>14</u>	<u>34,894</u>

Total State Sector									
	Cash Flows				Non-Cash Changes				<i>Closing Balance 2019</i> \$M
	<i>Opening Balance 2018</i> \$M	<i>Cash Received</i> \$M	<i>Cash Payments</i> \$M	<i>New Leases</i> \$M	<i>Market Value Adjustment</i> \$M	<i>Time Value Adjustment</i> \$M	<i>Transfers/Reclass</i> \$M	<i>Other</i> \$M	
Advances	462	2	(42)	—	—	2	—	—	424
Other loans	1,069	90	(80)	—	—	—	—	7	1,086
Leases	1,398	—	(470)	955	—	—	(18)	14	1,879
Deposits	4,699	1,117	(583)	—	—	—	—	—	5,233
Other financing	96,708	54,042	(53,135)	—	5,171	—	—	—	102,786
	<u>104,337</u>	<u>55,251</u>	<u>(54,310)</u>	<u>955</u>	<u>5,171</u>	<u>2</u>	<u>(18)</u>	<u>21</u>	<u>111,408</u>

Notes to the Financial Statements

40. Notes to the Cash Flow Statement continued

(b) Changes in liabilities arising from financing activities continued

General Government Sector									
	Cash Flows				Non-Cash Changes				Closing Balance 2018 \$M
	Opening Balance 2017 \$M	Cash Received \$M	Cash Payments \$M	New Leases \$M	Market Value Adjustment \$M	Time Value Adjustment \$M	Transfers/Reclass \$M	Other \$M	
Advances	1,830	3,254	(2,349)	—	—	11	—	—	2,747
QTC Borrowings	31,358	126	(144)	—	—	—	(2,085)	—	29,256
Other loans	545	—	(18)	—	—	—	217	—	744
Leases	1,337	—	(324)	584	20	—	(217)	—	1,398
Deposits	2	—	(1)	—	—	—	(1)	—	—
Other financing	—	—	(1)	—	122	—	1	—	122
	<u>35,073</u>	<u>3,380</u>	<u>(2,837)</u>	<u>584</u>	<u>142</u>	<u>11</u>	<u>(2,086)</u>	<u>—</u>	<u>34,267</u>

Total State Sector									
	Cash Flows				Non-Cash Changes				Closing Balance 2018 \$M
	Opening Balance 2017 \$M	Cash Received \$M	Cash Payments \$M	New Leases \$M	Market Value Adjustment \$M	Time Value Adjustment \$M	Transfers/Reclass \$M	Other \$M	
Advances	485	—	(34)	—	—	11	—	—	462
Other loans	879	—	(18)	—	—	—	208	—	1,069
Leases	1,337	—	(324)	584	20	—	(217)	—	1,398
Deposits	5,039	557	(921)	—	—	—	24	—	4,699
Other financing	99,200	53,038	(54,407)	—	(1,190)	—	68	—	96,708
	<u>106,940</u>	<u>53,594</u>	<u>(55,704)</u>	<u>584</u>	<u>(1,170)</u>	<u>11</u>	<u>83</u>	<u>—</u>	<u>104,337</u>

Notes to the Financial Statements

41. Expenditure commitments

As at 30 June 2019, State Government entities had entered into the following capital and lease commitments. Commitments are exclusive of anticipated recoverable GST. These commitments are in addition to those disclosed as PPPs in Note 27, except for finance lease commitments related to Education and Transport and Main Roads' PPPs and operating lease commitments for 1 William Street which are also included in Note 27. Other than obligations under finance leases, commitments have not been recognised as liabilities in the Balance Sheet.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Capital expenditure commitments				
Capital expenditure commitments contracted at reporting date but not recognised in the Balance Sheet are:	<u>2,866</u>	<u>2,991</u>	<u>3,748</u>	<u>3,618</u>
Operating lease commitments				
Not later than 1 year	544	494	618	560
Later than 1 year but not later than 5 years	1,460	1,271	1,691	1,486
Later than 5 years	<u>1,150</u>	<u>1,192</u>	<u>1,278</u>	<u>1,340</u>
	<u>3,155</u>	<u>2,958</u>	<u>3,587</u>	<u>3,385</u>

Operating leases are primarily entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed but with inflation escalation clauses on which contingent rentals are determined. Some renewal or extension options exist in relation to operating leases. No operating leases contain restrictions on financing or other leasing activities.

Operating lease commitments of \$812 million (2018: \$877 million) in relation to 1 William Street are also included in Note 27 PPPs.

Capacity Payments under the Gladstone Interconnector and Power Pooling Agreement

	<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>
Not later than 1 year	42	40
Later than 1 year but not later than 5 years	202	180
Later than 5 years	<u>314</u>	<u>344</u>
	<u>558</u>	<u>563</u>

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Finance lease commitments				
Not later than 1 year	194	340	194	340
Later than 1 year but not later than 5 years	823	557	823	557
Later than 5 years	<u>3,126</u>	<u>1,985</u>	<u>3,126</u>	<u>1,985</u>
Total minimum lease payments	4,144	2,882	4,144	2,882
Future finance charges	<u>(2,265)</u>	<u>(1,484)</u>	<u>(2,265)</u>	<u>(1,484)</u>
Total lease liabilities	<u>1,879</u>	<u>1,398</u>	<u>1,879</u>	<u>1,398</u>
Current lease liabilities (refer Note 37)	43	201	43	201
Non-current lease liabilities (refer Note 37)	<u>1,835</u>	<u>1,197</u>	<u>1,835</u>	<u>1,197</u>
	<u>1,879</u>	<u>1,398</u>	<u>1,879</u>	<u>1,398</u>

Finance leases are entered into as a means of funding the acquisition of certain non-current physical assets. Lease payments are generally fixed. No leases have escalation clauses other than in the event of payment default. The majority of finance leases relate to PPPs of Education and Transport and Main Roads. A small number of leases have an option to renew.

Finance leases of \$1.6 billion (2018: \$1.1 billion) in relation to Education and Transport and Main Roads are also included in Note 27 PPPs.

Notes to the Financial Statements

42. Cash and other assets held in trust

Various monies were held in trust by State Government agencies at year end and have not been included as assets/liabilities in the Balance Sheet. A summary follows of entities holding assets in trust:

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
QIC Limited	—	—	42,005	47,157
The Public Trustee of Queensland	1,879	1,778	1,879	1,778
Queensland Rural and Industry Development Authority	116	156	116	156
Queensland Art Gallery Board of Trustees	33	2	33	2
Justice and Attorney-General	31	72	31	72
Queensland Police Service	24	25	24	25
Queensland Performing Arts Trust	21	20	21	20
Darling Downs Hospital and Health Service	14	14	14	14
Queensland Treasury	13	15	13	15
Department of Natural Resources, Mines and Energy	9	45	9	45
Department of Environment and Science	2	79	2	79
Other	64	55	64	55
	2,206	2,263	44,212	49,420

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 the QTC, which forms part of the Public Financial Corporations Sector, are also incorporated in GGS statements.

(a) Contingent liabilities – quantifiable

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Nature of contingency				
Guarantees and indemnities	(i) 55,401	52,269	11,665	11,203
Other	(ii) 18	21	21	24
	55,419	52,290	11,686	11,227

(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 \$8.953 billion and \$43.676 billion (2018: \$8.619 billion and \$41.003 billion) respectively and insurance policies held by Asteron Life & Superannuation Limited of \$246 million (2018: \$257 million previously issued by Suncorp Life and Superannuation Limited). QTC also provided guarantees of \$1.2 billion relating to Australian Financial Services Licences for CS Energy, Energy Queensland Limited and Stanwell, and guarantees of \$100 million (2018: \$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 2019, there are 20 cases (2018: 23 cases) filed with the courts relating to revenue collected by the Office of State Revenue. An estimate of the liability, should the outcomes of the above mentioned cases prove unfavourable for the State, is \$6 million (2018: \$9 million).

As at 30 June 2019, potential performance payments in accordance with contractual event commitments totalled a maximum of \$12 million (2018: \$9 million) payable over six years by Tourism and Events Queensland.

Notes to the Financial Statements

43. Contingent assets and liabilities continued

(b) Contingent liabilities - not quantifiable

General Government Sector

Legal proceedings and disputes

A number of legal actions have been brought against the State Government and its agencies. Notification has also been received of a number of other cases that are not yet subject to court action but which may result in subsequent litigation. Due to the wide variety and nature of the claims and the uncertainty of any potential liability, no value has been attributed to these actions/claims.

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 actions that have impaired native title rights and interests since 1975. To date, few claims have progressed due to the uncertainty around calculating native title compensation. In March 2019, the High Court handed down its decision in the Griffiths v Northern Territory appeal case (known as the Timber Creek case). The decision established a precedent for quantifying native title compensation.

The Queensland Government is developing a framework to settle future native title compensation claims that is consistent with the Timber Creek decision. At reporting date, it is not possible to quantify the State's potential liability for native title compensation.

Securities, warranties and guarantees

The State has provided a number of securities, warranties and guarantees in the normal course of business. The amount of any future claims against these securities, warranties and guarantees cannot be reliably estimated.

Financial assurance liability gap for mining projects

Financial assurances are required for mining projects to cover the rehabilitation liability should a mining leaseholder fail to undertake rehabilitation. The liability to undertake rehabilitation work remains the responsibility of the mining leaseholder. The State's responsibility in regard to rehabilitation is limited to managing any potential public safety and health risks only. At reporting date, it is not possible to determine the extent or timing of any potential financial effect of this responsibility.

Long-term sales permits

The Department of Agriculture and Fisheries has issued long-term permits to various sawmilling businesses regarding the supply of log timber from State-owned native forests. These sales permits provide for the payment of compensation by the State to the holder to the extent that the specified quantity of log timber is not harvested from the particular State-owned forests.

Collingwood Park guarantee

Due to a mine subsidence event that occurred at Collingwood Park in 2008, the State, under the *Mineral Resources Act 1989*, provides a guarantee to owners of affected land to stabilise land, repair subsidence-related damage (if cost effective to do so) or purchase land beyond economic repair.

Investigations into non-conforming building products

The State had established a dedicated taskforce to determine the existence of, and develop, a response strategy regarding non-conforming building products (particularly around aluminium composite panelling) on Queensland Government owned buildings and non-government owned buildings. The taskforce investigation work has been completed and provisions have now been made where rectification or remediation is required.

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 Budget papers, the expected future expenditure in relation to disasters is \$1.365 billion (2018: \$860 million), the majority of which is expected to be recovered from the Commonwealth. This increase in future expenditure is mainly due to the North and Far North Queensland Monsoon Trough events.

In 2014, certain property owners commenced a class action making claims against the State, Seqwater and SunWater in respect of the January 2011 flood. On 29 November 2019, the Court found one plaintiff's claim in negligence established against all parties and addressed a series of questions that apply to members of the class but are not determinative of the outcome of their claims. The Queensland Government will not appeal the decision of the New South Wales Supreme Court on this class action. Seqwater and Sunwater have their own insurance policies and the relevant insurance companies now have a legal right to determine their next steps. Seqwater and Sunwater filed Notices of Intention to Appeal the class action decision. At this stage the State is not in a position to reliably estimate the financial implications of the judgement for the State and its entities.

Social benefit bond trial

The Department of Child Safety, Youth and Women has responsibility for administering a Social Benefit Bond called Indigenous Disadvantage (Newpin). Payment by the department is dependent on demonstrating the delivery of outcomes. The contingency relates to the portion of the payment where reliable estimates for the outcome payments are not available.

Contaminated land

The State Government controls certain areas of land that are affected by pollutants. The agencies involved will be obliged to restore these assets to a safe and useable condition in the event that their use changes, for example, when the land is sold. Given its nature, it is not possible to provide an estimate of the potential liability of this exposure.

Notes to the Financial Statements

43. Contingent assets and liabilities continued

(b) Contingent liabilities - not quantifiable continued

Total State Sector

In addition to the above GGS non-quantifiable contingent liabilities, the following relate specifically to the PNFC and PFC.

WorkCover Queensland

The *Workers' Compensation and Rehabilitation Act 2003* provides that the State Government guarantees every WorkCover policy or other insurance contract with WorkCover Queensland, a statutory body. Given the nature of this contingency, it is not possible to estimate the liability, if any, due under this heading.

QIC Limited

QIC Limited, in its capacity as trustee, is potentially liable for the unsettled liabilities of a number of trusts that it administers. However, under the respective trust deeds, the Corporation is entitled to be indemnified out of the assets of the trusts for any losses or outgoings that may be sustained in its role as trustee, provided the trustee has acted within the terms of the trust deeds.

The directors have assessed the recoverable amounts of the assets of the trusts and concluded that currently they have excess assets over liabilities.

Funds managed by QIC Limited in a trustee capacity totalled \$42.345 billion at 30 June 2019 (2018: \$47.487 billion).

State asset sales

As part of the State's asset sales process in 2011-12 (the initial public offering of shares in QR National Limited (now Aurizon Limited), the Forestry Plantations business, the Port of Brisbane business, the Abbot Point Coal Terminal (X50) business and Queensland Motorways Limited), the State put in place a number of contractual arrangements which result in contingent liabilities as follows:

- Superannuation indemnity for QR National and Forestry Plantations Queensland for the cost of employer contributions above a particular threshold for their employees who remained as members of QSuper's defined benefit category.
- State indemnities for directors and officers of relevant Government-owned corporations and State public servants were put into place in relation to liabilities which might arise out of the restructuring and sale of the various sale entities.
- Indemnities as to tax and other liabilities (including previous cross border lease liabilities) accrued during the State's ownership.
- Compensation potentially payable in the event that the leases issued over land and infrastructure by State agencies are terminated.
- Compensation potentially payable for improvements in the event of the termination of relevant leases.
- Various warranties in relation to the businesses sold.

At present, the State is unaware of any breaches of agreements and there are no claims being made. As such, it is not possible to estimate any potential financial effect should such a claim arise in the future.

(c) Contingent assets - quantifiable

Nature of contingency	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Guarantees and indemnities	(i) 8,701	7,904	9,451	8,650
Other	(ii) 11	11	11	11
	<u>8,711</u>	<u>7,915</u>	<u>9,462</u>	<u>8,660</u>

(i) Guarantees

General Government Sector

The Department of Natural Resources, Mines and Energy held financial assurances of \$6.411 billion in 2017-18 for mining projects, to cover rehabilitation should a leaseholder fail to undertake rehabilitation. These have now been transferred to Queensland Treasury which holds non-cash surety totalling \$8.303 billion under the Financial Provisioning Scheme which commenced on 1 April 2019. The objective of the scheme is to reduce the risk to the State associated with mines failing to complete their rehabilitation and to provide an additional source of funds to rehabilitate existing abandoned mines.

The Departments of Environment and Science and Natural Resources, Mines and Energy hold bank guarantees totalling \$31 million and \$18 million (2018: \$1.144 billion and \$17 million) respectively as financial security to ensure compliance with various acts, environmental management activities, vegetation management development applications and other agreements.

The Department of Innovation, Tourism Industry Development and the Commonwealth Games holds bank guarantees totalling \$206 million (2018: \$206 million).

The Department of Health hold \$7 million (2018: \$3 million) in guarantees from third parties which are related to capital projects.

The Department of State Development, Manufacturing, Infrastructure and Planning holds bank guarantees in relation to the Advance Queensland Industry Attraction Fund (AQIAF) and other financial support provided to public sector proponents totalling \$134 million (2018: \$122 million).

Total State Sector

In addition to the above GGS quantifiable guarantees and indemnities, the following relate specifically to the PNFC and PFC.

WorkCover Queensland holds bank guarantees on behalf of self-insurers totalling \$448 million (2018: \$470 million).

Queensland Rail holds bank, insurance company and other guarantees of \$214 million (2018: \$191 million).

Notes to the Financial Statements

43. Contingent assets and liabilities continued

(c) Contingent assets - quantifiable continued

(i) Guarantees continued

Total State Sector continued

Energy Queensland Limited holds bank guarantees totalling \$89 million (2018: \$84 million) mainly relating to the construction of capital assets for energy customers.

(ii) Other

A loan of \$11 million (2018: \$11 million) paid to Construction Industry Skills Centre Pty Ltd is only 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 a 8.827 hectare site at Rocklea. Various agreements entered into since 2001 with SunWater carry an obligation on SunWater to provide a freehold portion of land to the department at no cost with sale proceeds from the surplus land payable to SunWater. The sale of surplus land is subject to various approvals from Brisbane City Council, leading to uncertainty about the timing of the sale and therefore the time at which the Department of Natural Resources, Mines and Energy will receive freehold title. For these reasons, it is not possible to provide a reliable estimate of the value of the land at balance date.

National Health Reform funding

At 30 June 2018, certain funding under the National Health Reform Agreement for health care activities was contingent on decisions by the Federal Government and therefore could not be reliably measured. The full amount of this revenue has since been received in 2018-19.

Total State Sector

Insurance claims

There are a number of insurance and other claims against external parties yet to be finalised in relation to various matters.

Bank guarantees

SunWater Limited holds a number of bank guarantees in the event of non-payment of services.

QIC performance fees

Performance fees are potentially receivable by QIC Limited subject to specific criteria being met over the performance period. If the performance criteria are not met over the performance period, no performance fee is receivable. At year end, based on performance to date, there remains a significant degree of uncertainty over whether performance targets will be achieved over the performance periods for some performance fee arrangements and it is not possible to estimate the financial effect of the contingent asset.

44. Post balance date events

Pearson v State of Queensland

In September 2016, Mr Hans Pearson commenced representative proceedings in the Court on behalf of a certain group of Aboriginal and Torres Strait Islander people (approximately 10,000) who were subject to the Protection Acts controls. Mr Pearson alleged breach of trust and fiduciary duty regarding the handling of accounts and the management of wages obtained under the Protection Acts during the period 1939 to 1972 and contraventions by the State of the *Racial Discrimination Act 1975 (Cwth)* during the period 2002 to 2018.

On 3 July 2019, the parties reached a conditional settlement of the claims in the proceeding subject to the preparation and execution of appropriate settlement documentation and approval by the Federal Court of Australia. Under the agreement to settle, the State will pay \$190 million to the Applicant and the group members. This includes the Applicant's legal costs, interest and the costs of administering a settlement scheme but not including the Applicant's costs of obtaining the Court's approval of the settlement.

The settlement of \$190 million has been provided for and expensed in the 2018-19 financial year. Refer to Note 38.

Cross River Rail

As per Note 27, the Cross River Rail Delivery Authority (CRRDA) has been established to lead the development, procurement and delivery of the Cross River Rail Project ("the Project"). On 4 April 2019, the Queensland Government announced the companies selected to build the Project. The Tunnel, Stations and Development (TSD) PPP will be delivered by the Pulse consortium.

The TSD package reached Financial Close on 1 July 2019, and will be treated as a construction contract with an executory services contract, with the asset and liability recognised progressively as work is carried out. State contributions paid throughout the project will reduce the liability at the date of payment. The balance of the State liability will reduce as the quarterly service payments are paid, with the liability being measured at amortised cost.

On 25 August 2019, the CRRDA reached contract close for the Rail Integration Systems (RIS) work package, to be delivered by Unity Alliance. The RIS Alliance will deliver the design, supply and installation of the supporting rail system and integration to Cross River Rail into Queensland Rail's train network and an upgrade to Exhibition Station. From 2019-20, the RIS Package will be accounted for as a construction contract.

Notes to the Financial Statements

44. Post balance date events continued

Amendment to the Civil Liability and Other Legislation Amendment Act 2018

The Government announced on 22nd October 2019 that it would amend the Civil Liability and Other Legislation Amendment Act 2018 to extend the definition of abuse to include serious physical and psychological abuse, as well as sexual abuse. The proposed legislation would remove the limitation period for commencing an action in damages for personal injury arising from serious physical and psychological abuse experienced as a child. The consequential obligation for the State is under review.

45. Climate Change

The State recognises the importance of acting to address climate change and has developed the Queensland Climate Transition Strategy and the Queensland Climate Adaptation Strategy (Q-CAS) as central components of Queensland's Climate Change Response. Adaptation can take many forms, including changing the way the State conducts its business, constructing better infrastructure, building resilient communities, and eliminating stressors on our biodiversity and critical ecosystem services. The Q-CAS is based around four objectives: Recognise, Equip, Integrate and Collaborate.

In line with the objectives of the Q-CAS, climate change has become a key consideration in policy development and implementation of initiatives across the State. Some of the initiatives the Queensland Government is undertaking to respond to the challenges of climate change include the Powering Queensland Plan (confirming the Government's commitment to a 50 per cent Queensland Renewable Energy Target by 2030), the Land Restoration Fund, and Solar 150 which provides long-term income certainty to support the development of up to 150 megawatts of large-scale solar power generation in Queensland.

The Government has established CleanCo, a third electricity generator GOC, to take ownership of the State's existing renewable and low-emissions energy generation assets. It will begin trading in the national electricity market in 2019-20 with a mandate to support 1,000 megawatts of new renewable generation by 2025. CleanCo is also responsible for delivering the Queensland Government's Renewables 400 procurement program to deliver up to 400 megawatts of new renewable and energy storage projects in Queensland. The Government has also provided \$250 million over two years for CleanCo to build, own and operate new commercial renewable energy generation in Queensland.

Assessing the key physical and transitional risks of climate change in the Queensland environment are a critical part of addressing the State's environmental and social responsibilities. There has been evidence that the impact of climate change is already being assessed by investors and ratings agencies, and is being priced into finance and insurance markets. It is worth noting that there has been strong demand for "green bonds" issued by QTC which are included in Note 37(e).

Physical Risks

In assessing the physical risks of acute and chronic natural disasters, the mitigating impact of and 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. \$362 million was received in 2018-19, included in Note 4. The Queensland Reconstruction Authority (QRA) was established specifically to manage and coordinate disaster recovery and reconstruction funding for Queensland. 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.

The Government is also supporting the community to address physical risks. For example, the Drought and Climate Adaptation Program is aimed at improving the capacity of farmers and regional communities to become more resilient to the impacts of climate variability and drought.

Transitional Risks

The Government is facilitating transition through policy, projects and procurement, drawing on interstate and international practice. The Government is creating platforms for innovation and demand for new services and is setting policy direction to drive government and non-government action.

For example, the State Planning Policy has been amended to require that the projected impacts of climate change be avoided or mitigated in strategic land use planning and development assessment. To this end, state-wide coastal hazards mapping has been updated to include the internationally accepted climate change projection of 0.8 metre sea level rise to 2100. Furthermore, as part of the State Infrastructure Plan, all state government projects greater than \$100 million will undertake a sustainability assessment and there is a commitment to achieving Green Star ratings for government buildings as part of the Queensland Building Plan Discussion Paper. There is also recent evidence of changes to the structural requirements of major port and water infrastructure assets flowing through engineering standards resulting from hydrology studies.

Further consideration will be given to the impact of transitional risks on the valuation of the State's assets, particularly the valuation of energy, ports, water and transport infrastructure assets in Note 32.

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.

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.

Notes to the Financial Statements

46. Financial risk management disclosure continued

(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 rural, 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;
- 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 calculated utilising the 'value-at-risk' methodology which takes into account the current market value, duration, term to maturity and interest rate and/or exchange rate volatility. The State utilises collateral arrangements to limit its derivative credit exposure.

The State is exposed to significant concentrations of credit risk in the finance sector, in particular, the domestic banking sector. While the State has been focused on diversifying its investment portfolio, investments in bank credit predominate because of the State's requirement to invest with counterparties rated BBB+ or better and to invest in highly liquid securities. A ratings-based approach is used to determine maximum credit exposure, as well as the counterparty's credit metrics, country of domicile, size of its funding programs, asset composition and quality of the underlying security.

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:

	AAA \$M	AA+ \$M	AA \$M	AA- \$M	A+ \$M	A \$M	Other \$M	Total \$M
By credit rating 2019								
Cash & equivalent	—	—	—	1,577	—	—	—	1,577
Financial assets	1,374	880	118	15,687	1,998	932	101	21,090
Derivatives	—	—	—	50	12	—	—	62
	<u>1,374</u>	<u>880</u>	<u>118</u>	<u>17,314</u>	<u>2,010</u>	<u>932</u>	<u>101</u>	<u>22,729</u>
	6%	4%	1%	76%	9%	4%	0%	100%
By credit rating 2018								
Cash & equivalent	—	—	—	641	—	—	—	641
Financial assets	1,423	586	257	15,041	2,141	1,573	180	21,201
Derivatives	—	—	—	42	11	—	—	53
	<u>1,423</u>	<u>586</u>	<u>257</u>	<u>15,724</u>	<u>2,152</u>	<u>1,573</u>	<u>180</u>	<u>21,895</u>
	6%	3%	1%	72%	10%	7%	1%	100%

The State also operates in the National Electricity Market, operated by the Australian Energy Market Operator, which has strict prudential guidelines that minimise the potential for credit related losses. This is supported by individual GOCs' Board approved policies. Security deposits, letters of credit or bank guarantees are obtained from customers to mitigate possible losses. Credit risk exposures that relate to electricity derivative financial instruments are managed under International Swaps and Derivatives Association (ISDA) agreements. The ISDA also has a strict credit policy, based on counterparties' credit ratings and requiring appropriate security.

The State has made loans and advances to primary producers and small businesses at either commercial or concessional interest rates. The credit risk of the rural sector is mitigated through collateral in the form of real property mortgages.

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, 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 \$7 million (2018: \$6 million) gross loans and advances that are credit-impaired, for which total expected credit losses of \$2 million (2018: \$2 million) is recognised after taking into account collateral. Approximately \$4 million (2018: \$3 million) of the loans have no loss allowance recognised because the value of the collateral exceeds the loan amount.

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.

Notes to the Financial Statements

46. Financial risk management disclosure continued

(a) Credit risk continued

Master netting arrangements continued

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
2019			
Financial assets:			
- Derivative assets	745	(514)	231
Financial liabilities:			
- Derivative liabilities	998	(624)	374
Net exposure	(253)	109	(143)
2018			
Financial assets:			
- Derivative assets	420	(228)	192
Financial liabilities:			
- Derivative liabilities	379	(195)	184
- Non derivative financial liabilities	4	—	4
Net exposure	37	(33)	4

(b) Liquidity risk

Liquidity risk arises from the possibility that individual agencies may be unable to settle a transaction on the due date. A range of funding strategies is used to ensure funds are available, such as maintaining a sufficient level of cash holdings to fund unexpected cash flows. QTC measures the minimum liquidity requirement to comfortably meet the following scenarios simultaneously:

- Standard & Poor's Liquidity Ratio - maintaining a ratio greater than 80% of liquid assets over debt;
- Liquidity forecast - maintaining a minimum of \$4 billion forecast liquidity over any pending 12 month period;
- Daily cash balances - maintaining a minimum of five working days' net cash requirements in 11AM cash, RBA repo eligible securities; and
- Negotiable certificates of deposits to fund the net cash flows from assets and liabilities on QTC's Balance Sheet.

Liquidity risk of electricity market trading is controlled by the Australian Energy Market Operator, whereby all market participants are required to deliver irrevocable bank guarantees as security for timely settlement.

The contractual maturities of financial liabilities are included below:

General Government Sector

The table below sets out the contractual cash flows of the GGS financial liabilities. It is calculated based on undiscounted cash flows relating to the repayment of principal and interest amounts outstanding at balance date.

As at 30 June 2019

	<i>1 Year or Less \$M</i>	<i>1 to 5 Years \$M</i>	<i>Over 5 Years \$M</i>	<i>Total \$M</i>	<i>Carrying Value \$M</i>
Payables	7,800	294	—	8,094	8,094
Commonwealth advances	101	172	275	548	424
Other liabilities at amortised cost	2,432	730	3,308	6,469	4,880
Borrowing with QTC	1,211	4,830	29,393	35,435	29,468
Derivatives	7	51	80	138	121
	11,551	6,077	33,056	50,684	42,988

As at 30 June 2018

	<i>1 Year or Less \$M</i>	<i>1 to 5 Years \$M</i>	<i>Over 5 Years \$M</i>	<i>Total \$M</i>	<i>Carrying Value \$M</i>
Payables	6,837	279	—	7,116	7,116
Commonwealth advances	52	237	312	602	462
Other liabilities at amortised cost	2,652	672	2,947	6,272	4,427
Borrowing with QTC	1,405	5,293	28,666	35,364	29,256
Derivatives	—	38	113	151	122
	10,946	6,518	32,039	49,504	41,383

Notes to the Financial Statements

46. Financial risk management disclosure continued

(b) Liquidity risk continued

Total State Sector

The table below sets out the contractual cash flows of the TSS's financial liabilities. It is calculated based on undiscounted cash flows relating to the repayment of principal and interest amounts outstanding at balance date.

	<i>1 year or less \$M</i>	<i>1 to 5 years \$M</i>	<i>Over 5 years \$M</i>	<i>Total \$M</i>	<i>Carrying value \$M</i>
As at 30 June 2019					
Payables	9,520	364	—	9,884	9,884
Commonwealth borrowings	101	172	275	548	424
Other liabilities at amortised cost	163	737	3,308	4,208	2,619
Government securities and other loans at fair value	22,131	40,503	52,649	115,282	107,246
Derivatives	568	591	594	1,753	1,119
	<u>32,483</u>	<u>42,366</u>	<u>56,825</u>	<u>131,675</u>	<u>121,292</u>
As at 30 June 2018					
Payables	8,467	586	—	9,053	9,053
Commonwealth borrowings	52	237	312	602	462
Other liabilities at amortised cost	368	672	2,947	3,987	2,142
Government securities and other loans at fair value	23,688	40,150	51,278	115,116	101,232
Derivatives	245	164	121	529	500
	<u>32,819</u>	<u>41,809</u>	<u>54,659</u>	<u>129,287</u>	<u>113,389</u>

(c) Market risk

(i) Interest rate and unit price risk

Interest income

The GGS and TSS are exposed to interest rate risk through investments managed by QIC Limited, cash deposits with the Commonwealth Bank of Australia and borrowings from the Commonwealth Government. The GGS is also exposed to interest rate risk through its deposits and fixed rate notes with QTC. The Long Term Asset Advisory Board (LTAAB) determines the investment objectives, risk profiles and strategy for the Long Term Assets within the framework provided by the Government. Since July 2012, LTAAB has been reducing risk in the Asset Portfolio. The result was a reduction in expected return and volatility. In light of this strategy, the expected rate of return on the portfolio on which the interest rate on the fixed rate notes is set was reduced 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. LTAAB has been renamed as the State Investment Advisory Board (SIAB) from 4 July 2019.

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 \$19 million (2018: \$13 million) change in the GGS operating result and equity.

The GGS has fixed rate notes with QTC and other investments with QIC Limited that are exposed to interest rate changes and changes in the unit price of the funds managed. The rate on the fixed rate notes is reviewed annually and was changed to 6.5% from 1 July 2018 (2018: 7%). Assuming all other variables remained constant, if the return on the notes moved by +/-1%, the GGS net operating balance would be approximately \$289 million higher or lower (2018: \$298 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 with QIC moved by +/-1%, the GGS operating result and equity would be approximately \$26 million higher or lower (2018: \$24 million).

GGS borrowing with QTC are in the form of fixed rate loans, generic debt pool borrowings (which are akin to fixed rate loans) or floating rate loans. Although the majority of the GGS agency borrowings are either fixed rate loans or generic debt pool loans, the Consolidated Fund bears the risk of movements between the fixed rate and market rate. Consequently, if interest rates on borrowing with QTC were to change by 1%, the effect on the GGS operating result and equity would be approximately \$295 million (2018: \$293 million).

Notes to the Financial Statements

46. Financial risk management disclosure continued

(c) Market risk continued

(i) Interest rate and unit price risk continued

Interest expense continued

Total State Sector

As the State's corporate treasury, QTC undertakes portfolio management activities on behalf of the State and raises funding in advance of requirements to ensure Queensland public sector entities have ready access to funding when required and also to reduce the risk associated with refinancing maturing loans. In addition, QTC holds and invests surplus funds on behalf of its clients and for liquidity management purposes. These activities expose the State to interest rate risk including basis risk which is managed within a value-at-risk (VaR) framework and complemented by other measures such as defined stress tests and PVBP (the change in present value for a 1 basis point movement).

	Total State Sector	
	2019	2018
	\$M	\$M
Interest rate risk VaR at 30 June	17	11
Average for the year	23	14
Financial year - minimum	15	11
Financial year - maximum	53	24

The above VaR calculation for 2019 now includes the potential mark-to-market impact of changes in credit spreads on the value of assets held in the QTC Cash Fund. At 30 June 2018, the State had an exposure of approximately \$0.90 million per basis point to changes in the credit spreads of assets held in the QTC Cash Fund.

The effect of a 1% movement in interest rates on the State's cash balances would result in a \$23 million (2018: \$12 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 \$379 million (2018: \$377 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 2019, 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 \$30 million (2018: \$24 million).

Commodity price risk

Other State entities are exposed to commodity price risk resulting from changes in electricity, coal, gas, diesel and other commodity prices. Longer term fixed price supply agreements are utilised to manage risk in relation to coal and gas. A variety of swaps, futures, options and forward exchange contracts are used to hedge against price fluctuations of other commodities, such as diesel fuel. Electricity derivatives (mostly price swaps and futures) are used to protect against movements in the price of electricity in the National Electricity Market. The contracts are recognised at trade date and settled net, with cash flows expected within three years.

As a result of its ownership of electricity generating Government-owned corporations, the State is exposed to Electricity Price Risk.

Each entity is responsible for its own risk management and may make varying assumptions in assessing its sensitivity to such movements. The agencies with a material impact for TSS are CS Energy, Energy Queensland Limited and Stanwell Corporation Limited.

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:

	2019				2018			
	Operating Result		Equity		Operating Result		Equity	
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
CS Energy	(25)	22	(85)	77	(25)	16	(127)	117
	+20%	-20%	+20%	-20%	+20%	-20%	+20%	-20%
Energy Queensland Limited	10	(12)	168	(168)	6	(1)	171	(166)
	+30%	-30%	+30%	-30%	+30%	-30%	+30%	-30%
Stanwell	(30)	19	(450)	450	(22)	54	(275)	254

Notes to the Financial Statements

46. Financial risk management disclosure continued

(d) Foreign exchange risk

The State is exposed to movements in foreign currencies as a result of future commercial transactions and recognised assets and liabilities denominated in currencies other than the Australian dollar. The State enters into forward exchange contracts, currency options and swaps to effectively manage the exposure resulting from purchases of various plant, equipment and component parts in foreign currencies. Foreign exchange risk is managed by individual agencies which hedge significant proportions of anticipated transactions in line with their respective risk management strategies.

The State also borrows offshore to provide access to additional sources of funding and diversify risk and undertakes investments in foreign currency assets. To effectively manage the exposure to fluctuations in exchange rates, forward exchange contracts and cross currency swaps are used.

The State's exposure to foreign exchange risk is not considered material due to the effectiveness of risk management strategies.

<i>General Government Sector</i>		<i>Total State Sector</i>	
<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>

47. Net fair value of financial instruments

The carrying amounts of the GGS and TSS financial assets and financial liabilities by category are:

<u>2018 Category</u>					
Financial assets					
Amortised cost					
Cash and deposits	Cash	1,868	1,302	2,291	1,205
Trade and other receivables*	Loans and receivables	4,503	4,743	4,562	4,406
Loans and advances (excluding Onlendings)	Loans and receivables	873	835	980	950
Term deposits and other investments at amortised cost	Held-to-maturity	227	258	286	258
Fair value through profit or loss - designated upon initial recognition Investments managed by QIC Limited					
Other investments and securities	FVTPL	1,999	1,905	38,616	38,837
Share investments in listed entities	FVTPL	343	311	22,248	21,271
Onlendings	FVTPL	—	—	297	238
	FVTPL	—	—	9,852	9,425
Fair value through profit or loss - mandatorily measured at FVTPL Fixed rate notes*					
Share investments other*	Held-to-maturity	29,346	29,766	—	—
	Cost	—	7	—	7
Fair value through comprehensive income - debt instruments Securities and bonds					
	Available-for-sale	435	398	435	418
Fair value through comprehensive income - equity instruments					
Investments in public sector entities	Available-for-sale	23,049	23,203	—	—
Investments in other entities	Available-for-sale	1	1	1	1
		<u>62,644</u>	<u>62,729</u>	<u>79,567</u>	<u>77,015</u>
Financial liabilities					
Amortised cost					
		42,867	41,261	12,941	11,673
Fair value through profit and loss - designated upon initial recognition					
		—	—	107,501	101,309
Fair value through profit and loss - held for trading					
		121	122	850	408
		<u>42,988</u>	<u>41,383</u>	<u>121,292</u>	<u>113,389</u>
Net gains/(losses) on financial assets at FVOCI recognised in equity					
		11	(1)	11	(1)

* Refer to Note 1(e) for details of reclassifications and remeasurements upon adoption of AASB 9 relating to these financial assets

The carrying amounts of GGS and Total State Sector's financial assets and liabilities, including cash, deposits, receivables and payables, equate approximately to their net fair value, except as outlined below.

	<i>Carrying amount 2019</i>	<i>Fair value 2019</i>	<i>Carrying amount 2018</i>	<i>Fair value 2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
General Government Sector				
Financial Liabilities				
QTC borrowings	29,468	33,612	29,256	31,534

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.

Notes to the Financial Statements

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, government and 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, 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:

- Broker quotes or market prices for similar instruments;
- Expected cash flows;
- Interest rates;
- Exchange rates;
- Market indices;
- Credit spreads;
- Forward curve prices;
- Extrapolation rates;
- Scalar and translation factors;
- Market volatility;
- Renewable Energy Targets; and
- Emerging technologies.

The following table presents the GGS and TSS financial assets and liabilities recognised and measured at fair value.

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
General Government Sector				
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
Total assets	<u>595</u>	<u>2,028</u>	<u>29,497</u>	<u>32,120</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	—	—	121	121
Total liabilities	<u>—</u>	<u>—</u>	<u>121</u>	<u>121</u>
2018				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	—	188	—	188
Other Investments	139	1,693	156	1,988
Available-for-sale financial assets				
Corporate bonds	398	—	—	398
Total assets	<u>538</u>	<u>1,881</u>	<u>156</u>	<u>2,575</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	—	—	122	122
Total liabilities	<u>—</u>	<u>—</u>	<u>122</u>	<u>122</u>

Notes to the Financial Statements

47. Net fair value of financial instruments continued

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Total State Sector				
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
Total assets	<u>17,472</u>	<u>36,905</u>	<u>17,046</u>	<u>71,423</u>
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
Total liabilities	<u>91,428</u>	<u>16,745</u>	<u>178</u>	<u>108,351</u>
2018				
Assets				
Financial assets at fair value through profit or loss				
Rental Purchase Plan	—	188	—	188
Derivatives	97	292	23	412
Securities and bonds	11,457	3,121	—	14,579
Shares	238	—	—	238
Loans	—	9,425	—	9,425
Other Investments	803	29,893	14,186	44,882
Available-for-sale financial assets				
Corporate bonds	398	—	—	398
Total assets	<u>12,994</u>	<u>42,920</u>	<u>14,209</u>	<u>70,122</u>
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	160	187	153	500
Deposits	—	4,684	—	4,684
Government securities issued	86,316	9,892	—	96,208
Borrowings	—	325	—	325
Total liabilities	<u>86,476</u>	<u>15,087</u>	<u>153</u>	<u>101,716</u>

Classification of instruments into fair value hierarchy levels is reviewed annually and the GGS and TSS recognise any transfers between levels of the fair value hierarchy during the reporting period in which the transfer has occurred.

Floating rate notes were transferred from Level 2 to Level 1 during the year ended 30 June 2019 and 30 June 2018. There were certain derivatives transferred out of Level 3 to Level 2 in 2019 due to the availability of additional observable forward prices. There were no derivative instruments of the TSS transferred out of Level 3 to Level 2 in 2018.

The following table presents the net changes in Level 3 instruments:

	<i>General Government</i>		<i>Total State Sector</i>	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
Opening balance asset / (liability)	34	123	14,056	14,959
Purchases	—	—	222	(2,030)
Sales	(2,710)	—	(1,586)	(1)
Settlements	—	—	1,590	(155)
Movements in equity	—	—	(34)	(119)
Movements recognised in profit or loss	1,564	(90)	1,271	1,416
Transfers into Level 3	30,488	—	1,338	(15)
Transfers out of Level 3	—	—	12	—
Closing balance asset / (liability)	<u>29,375</u>	<u>34</u>	<u>16,869</u>	<u>14,056</u>

The sensitivity of the State's financial instruments is disclosed in Note 46.

48. Retirement benefit obligations

Retirement benefit liabilities include the following final salary defined benefit schemes:

- State Public Sector Superannuation Scheme (QSuper);
- Pensions provided in accordance with the *Judges' (Pensions and Long Leave) Act 1957* (Judges' Scheme); and
- Energy Super Fund (ESF)

Notes to the Financial Statements

48. Retirement benefit obligations continued

QSuper and Judges' Schemes

The State Public Sector Superannuation Fund (QSuper) defined benefit scheme provides accrued benefits based on a member's salary, contribution rate and length of membership. State Government budget-dependent agencies, together with certain statutory bodies and 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 legislation under the *Superannuation Industry (Supervision) Act 1993 and Regulations*. The provisions of the *Superannuation (State Public Sector) Act 1990* and the *Superannuation (State Public Sector) Deed 1990* govern the operation of QSuper. The QSuper Board of Trustees is responsible for the management of QSuper.

The QSuper scheme is assessed annually by the State Actuary. The latest 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.

These schemes expose the State to the following:

- Inflation risk - the defined benefit obligations are linked to employees' salaries and therefore the net liability position can be adversely affected by an increase in the defined benefit obligation resulting from unexpected wage inflation. Similarly, the proportion of the defined benefit obligation linked to the consumer price index (pensions) is also subject to the risk of unexpected price inflation;
- Interest rate risk - a decrease in the discount rate will increase the defined benefit obligations;
- Investment risk resulting from the mismatch between the current investment strategy and the liabilities; and
- Demographic risk resulting from unexpected employee movements.

QSuper also incorporates defined contribution categories, for which the State has no further legal or constructive obligation other than to pay contributions. These liabilities and assets have been accounted for in accordance with the standards relevant to defined contribution schemes. In particular, no assets or liabilities relating to the funded defined contribution scheme have been included in the Balance Sheet. The expense relating to these schemes is the amount of employer contributions.

Energy Super Fund

Queensland electricity entities contribute to an industry multiple employer superannuation fund, the Energy Super Fund (ESF). The ESF was formed on 1 April 2011 with the merger of the Electricity Supply Industry Superannuation Fund (QLD) (ESI Super) and Superannuation Plan for Electrical Contractors (SPEC Super). Members are entitled to benefits from the fund on retirement, resignation, retrenchment, disability or death.

ESF is regulated by APRA under the *Superannuation Industry (Supervision) Act 1993*.

The defined benefit account of this fund is a funded plan which provides defined lump sum benefits based on years of service and average final salary. Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. The actuary has adopted the aggregate funding method to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. This funding method seeks to have benefits funded by a total contribution which is expected to be a constant percentage of members' salaries and wages over their working lifetimes. Actuarial assessments are made at no more than three yearly intervals, with the most recent actuarial assessment undertaken as at 30 June 2016 by Sunsuper Financial Services Pty Ltd.

The ESF does not impose a legal liability on employer agencies to cover any deficits that may exist in the Fund. If the Fund were to be wound up, there would be no legal obligation on employer agencies to make good any shortfall. The Trust Deed of the Fund states that if the Fund is terminated, after payment of all costs and member benefits in respect for the period up to the date of termination, any remaining assets are to be distributed by the Trustees of the Fund, acting on the advice of the actuary, to participating employers.

Employer agencies may benefit from any surplus in the Fund in the form of a contribution reduction or contribution holiday. Any reduction in contributions would normally be implemented only after advice from the Fund's actuary.

The defined benefit account of this Fund is closed to new members.

	<i>General Government Sector</i>		<i>Total State Sector</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>	<i>\$M</i>
Present value of the defined benefit obligation				
QSuper DB	32,876	31,615	32,876	31,615
Judges	973	827	973	827
ESF	—	—	921	772
Total present value of the defined benefit obligation	<u>33,849</u>	<u>32,442</u>	<u>34,770</u>	<u>33,214</u>
Fair value of plan assets				
QSuper DB	6,863	6,442	6,863	6,442
ESF	—	—	1,185	1,140
Total fair value of the plan assets	<u>6,863</u>	<u>6,442</u>	<u>8,048</u>	<u>7,582</u>

Notes to the Financial Statements

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
48. Retirement benefit obligations continued				
Defined benefit obligation Liability/(Asset) recognised in Balance Sheet				
QSuper DB	26,013	25,173	26,013	25,173
Judges	973	827	973	827
ESF	—	—	(263)	(368)
Liability/(Asset) recognised in Balance Sheet	<u>26,986</u>	<u>26,000</u>	<u>26,723</u>	<u>25,632</u>
Reconciliation of the present value of the defined benefit obligation				
Opening balance	32,442	31,857	33,214	32,716
Current service cost	1,018	905	1,050	938
Contributions by plan participants	215	209	225	218
Interest cost	801	818	831	852
Benefits paid (including contributions tax)	(2,076)	(1,984)	(2,102)	(2,143)
Actuarial (gain)/loss	1,448	638	1,553	634
Closing balance	<u>33,849</u>	<u>32,442</u>	<u>34,770</u>	<u>33,214</u>
Reconciliation of the fair value of plan assets				
Opening balance	6,442	5,810	7,582	7,004
Return on plan assets at discount rate	160	150	202	196
Return on plan assets above discount rate (actuarial gain)	377	537	392	584
Employer contributions - State share of beneficiary payments	1,725	1,700	1,725	1,700
Employer contributions	—	—	4	3
Contributions by plan participants	215	209	225	218
Benefits paid (including contributions tax)	(2,055)	(1,964)	(2,081)	(2,123)
Closing balance	<u>6,863</u>	<u>6,442</u>	<u>8,048</u>	<u>7,582</u>
Present value of the obligation by funding policy				
Present value of the obligation - wholly unfunded	973	827	973	827
Present value of the obligation - wholly/partly funded	26,013	25,173	25,749	24,805
	<u>26,986</u>	<u>26,000</u>	<u>26,723</u>	<u>25,632</u>
Amounts recognised in Operating Statement				
Current service cost (including employer contributions)	1,018	905	1,050	938
Superannuation interest cost	642	667	630	656
Total amounts recognised in Operating Statement	<u>1,660</u>	<u>1,572</u>	<u>1,680</u>	<u>1,594</u>
Remeasurements of net defined benefit obligation				
Actuarial gain/(loss) due to changes in demographic assumptions	(184)	(407)	(184)	(407)
Actuarial gain/(loss) due to changes in financial assumptions	(2,121)	(575)	(2,225)	(575)
Actuarial gain/(loss) due to changes in experience adjustments	856	344	856	348
Return on plan assets above discount rate	377	537	392	584
Amounts recognised in Statement of Changes in Net Assets (Equity)	<u>(1,072)</u>	<u>(101)</u>	<u>(1,161)</u>	<u>(50)</u>
Plan Asset Allocations				
The State Public Sector Superannuation Scheme holds investments with the following asset allocations:				
	2019 Quoted \$M	2019 Unquoted \$M	2018 Quoted \$M	2018 Unquoted \$M
Global equities	5,088	—	4,565	—
Global private equity	—	98	—	113
Global real estate	—	1,183	—	1,240
Cash and fixed interest	—	494	—	524
Total	<u>5,088</u>	<u>1,775</u>	<u>4,565</u>	<u>1,877</u>

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.

Notes to the Financial Statements

48. Retirement benefit obligations continued

Plan Asset Allocations continued

	2019 \$M	2018 \$M
The major categories of Energy Super Fund plan assets are as follows:		
Global equities	581	571
Cash and fixed interest	202	171
Real estate	95	114
Other	308	284
	1,185	1,140

	2019 \$M	2018 \$M	2019 \$M	2018 \$M
	QSuper DB	QSuper DB	ESF	ESF
Actual return on plan assets	537	688	57	93

	QSuper DB	ESF
Estimate of State share of benefits (employer contributions) to be paid in 2019-20	1,745	2

Principal actuarial assumptions at:	2019 QSuper DB	2018 QSuper DB	2019 Judges	2018 Judges	2019 ESF	2018 ESF
Discount rate (gross)	1.30%	2.60%	1.30%	2.60%	2.4 -3.3%	3.7 -3.9%
Future inflationary salary increases	2.50%	3.10%	2.50%	3.10%	3.0 -4.0%	3.0 -4.0%
Expected CPI increases	1.50%	2.10%	N/A	N/A	N/A	N/A

At 30 June 2019, the weighted average duration of the QSuper defined benefit obligation is 9.3 years (8.2 years, 2018).

Sensitivity Analysis for each significant actuarial assumption

	2019 \$M	2019 \$M
	QSuper DB	Judges
Change in defined benefit obligation brought about by a 1% increase in:		
Discount rate	(2,859)	(143)
Future inflationary salary increases	3,011	177
Expected CPI increases	219	N/A

The sensitivity analysis shown above represents the effects of notional changes in each of the key parameters underlying the obligations, while holding all other assumptions constant. The sensitivity analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions are correlated. They are not intended to represent any particular probability of occurrence.

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Balance Sheet.

QSuper funding arrangements and funding policy that affect future contributions

QSuper defined benefit category members are required to contribute a percentage of salary. Standard member contributions range between 2-6% of salary.

Unlike typical regulated defined benefit schemes, only the employee contributions are held within the QSuper Fund. Employer contributions received from employing authorities are held separate from the QSuper Fund in the Long Term Asset portfolio held by 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 (90% of benefit payments) as per the relevant actuarial investigation for funding purposes.

Under the Debt Action Plan announced in the 2015-16 Budget, the Government has suspended for five years, commencing in 2015-16, the investment of defined benefit employer contributions.

The Long Term Asset portfolio held by the Government, within the TSS, to fund the employee entitlement liabilities includes interest rate and inflation linked portfolios intended to partially hedge the corresponding liability risks.

Employee numbers

The number of full time equivalent employees in the GGS at 30 June 2019 relating to the GGS entities listed in Note 50 totalled 234,224 (2018: 229,450). The number of full time equivalent employees for 2019 calculated using the same scope as Budget Paper 2 (Table 5.2) is 228,282 (2018: 223,711).

The number of Total State full time equivalent employees at 30 June 2019 relating to the consolidated entities listed in Note 50 totalled 255,063 (2018: 249,520).

Notes to the Financial Statements

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:

	<i>2019</i>	<i>2018</i>
	<i>\$M</i>	<i>\$M</i>
Short-term benefits	6	6
Post-service benefits	1	1
Total	<u>7</u>	<u>7</u>

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). Names of these individual entities can be found in Note 50.

The following are the major transactions and balances (>\$100 million) between the GGS and other public sector entities:

Revenue and assets

The GGS records dividend and income tax equivalent income from entities within the PNFC and PFC sectors as per Note 7 and the related receivables per Note 24(a). Deferred tax equivalent income from the PNFC and PFC sectors is shown on the Operating Statement and deferred tax equivalent assets and liabilities are shown on the Balance Sheet.

The State has cash fund balances with QTC which are disclosed in Note 23.

The GGS holds fixed rate notes from QTC which earn interest that is included in Note 6, and incurs a market value adjustment included in Note 16. The carrying value 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 sector which are included in guarantee fees per Note 3. GGS payroll tax revenue per Note 3 includes \$116 million (2018: \$105 million) from entities within PNFC and PFC sectors.

Expenses and liabilities

The GGS has borrowings with QTC. Note 13 discloses the interest expense which is predominantly with QTC and the borrowing balances are shown in Note 37(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.

Workers' compensation premiums are paid to WorkCover by the GGS as per Note 9.

Equity injections and withdrawals

During the year, the GGS transferred \$480 million in infrastructure assets relating to the Moreton Bay Rail Link to Queensland Rail. In addition, \$180 million in equity was paid to establish the Government's renewable and low-emissions electricity generator CleanCo, partly funded by a return of \$160 million in equity from Stanwell Corporation. In addition, \$60 million was invested in Port of Townsville and \$30 million in Ports North. Dividends treated as capital returns are disclosed in Note 19.

50. Controlled entities

Public sector entities are generally considered material for the purposes of this report if they meet either of the following criteria:

- net operating result in excess of \$5 million; or
- net assets in excess of \$75 million.

However, in addition to material entities, the State consolidates some entities which are not material in terms of the operating position or net asset position criteria if they are either a department or if they are funded for the delivery of services.

When financial results are available in respect of non-material entities, they are reviewed with the aim of including any newly material entities in the following year's consolidated financial statements.

Newly created entities that are expected to meet the materiality criteria on the basis of their initial budget estimates are included in the consolidated financial statements from the time of their establishment.

The following controlled entities of the Government have been included in the consolidated financial statements for the year ended 30 June 2019. The list has been classified by activity sectors as outlined in Note 1(c).

Notes to the Financial Statements

50. Controlled entities continued

Entities denoted with an asterisk are consolidated with the accounts of the preceding entity.

The GGS has 100% ownership and voting power in other Queensland public sector entities, classified as either Public Non-financial Corporations or Public Financial Corporations below.

General Government

Departments of Government

Aboriginal and Torres Strait Islander Partnerships Agriculture and Fisheries
Child Safety, Youth and Women Communities, Disability Services and Seniors Education
* Australian Music Examinations Board
Employment, Small Business and Training
Environment and Science
* Corporate Administration Agency - shared service provider
* Arts Queensland
Housing and Public Works
* Building and Asset Services - commercialised business unit
* QFleet - commercialised business unit
* CITEC - commercialised business unit
* Queensland Shared Services - shared service provider
Innovation, Tourism Industry Development and the Commonwealth Games Justice and Attorney-General
Local Government, Racing and Multicultural Affairs
Natural Resources, Mines and Energy
Premier and Cabinet
* Screen Qld Pty Ltd
Public Safety Business Agency
Queensland Corrective Services
Queensland Fire and Emergency Services
Queensland Health
Queensland Police Service
Queensland Treasury
State Development, Manufacturing, Infrastructure and Planning
* Economic Development Queensland - commercialised business unit
Transport and Main Roads
* RoadTek - commercialised business unit
Youth Justice (Established as at 1 June 2019)

Other General Government entities

Anti-Discrimination Commission
Board of the Queensland Museum
* Queensland Museum Foundation Trust
Crime and Corruption Commission
Cross River Rail Delivery Authority
Electoral Commission of Queensland
Gold Coast 2018 Commonwealth Games Corporation (Abolished as at 31 December 2018)
Gold Coast Waterways Authority
Hospital and Health Services
Cairns and Hinterland
Central Queensland
Central West
Children's Health Queensland
Darling Downs
Gold Coast
Mackay
Metro North
Metro South
North West
South West
Sunshine Coast
Torres and Cape
Townsville
West Moreton
Wide Bay
Legal Aid Queensland
Legislative Assembly
Library Board of Queensland
* Queensland Library Foundation
Motor Accident Insurance Commission
Nominal Defendant
Office of the Governor
Office of the Health Ombudsman
Office of the Information Commissioner
Office of the Inspector-General of Emergency Management
Office of the Ombudsman
Prostitution Licensing Authority
Public Service Commission
Queensland Agricultural Training Colleges
Queensland Art Gallery Board of Trustees
* Queensland Art Gallery I Gallery of Modern Art (QAGOMA) Foundation
Queensland Audit Office
Queensland Building and Construction Commission
Queensland Curriculum and Assessment Authority

Queensland Family and Child Commission
Queensland Mental Health Commission
Queensland Performing Arts Trust
Queensland Racing Integrity Commission
Queensland Reconstruction Authority
Queensland Rural and Industry Development Authority (previously QRAA)
Residential Tenancies Authority South Bank Corporation
TAFE Queensland
 * Aviation Australia Pty Ltd
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

Notes to the Financial Statements

50. Controlled entities continued

Public Non-financial Corporations

CleanCo Queensland (Incorporated as at 11 October 2018)

CS Energy Limited

- * Aberdare Collieries Pty Ltd
- * Callide Energy Pty Ltd
- * CS Energy Group Holdings Pty Ltd
- * CS Energy Group Operations Holdings Pty Ltd
- * CS Energy Kogan Creek Pty Ltd
- * CS Energy Oxyfuel Pty Ltd
- * CS Kogan (Australia) Pty Ltd
- * Kogan Creek Power Pty Ltd
- * Kogan Creek Power Station Pty Ltd

Energy Queensland Limited

- * Energex Limited Australia
- * Ergon Energy Corporation Limited
- * Ergon Energy Queensland Pty Ltd
- * SPARQ Solutions Pty Ltd
- * Varnsdorf Pty Ltd
- * VH Operations Pty Ltd
- * Yurika Pty Ltd
 - * Metering Dynamics Pty Ltd
 - * Ergon Energy Telecommunications Pty Ltd

Far North Queensland Ports Corporation Limited

Gladstone Area Water Board

Gladstone Ports Corporation Limited

- * Gladstone Marine Pilot Services Pty Ltd

Mount Isa Water Board

North Queensland Bulk Ports Corporation Limited

- * Ports Corporation of Queensland Limited (dormant)
- * Mackay Ports Limited (dormant)

Port of Townsville Limited

Powerlink Queensland

- * Harold Street Holdings Pty Ltd
- * Powerlink Transmission Services Pty Ltd

Queensland Bulk Water Supply Authority (trading as Seqwater)

Queensland Rail

- * Queensland Rail Limited
 - * On Track Insurance Pty Ltd

Queensland Treasury Holdings Pty Ltd (controlled entity of Queensland Treasury)

- * Brisbane Port Holdings Pty Ltd
- * City North Infrastructure Pty Ltd (dormant)
- * DBCT Holdings Pty Ltd
- * Network Infrastructure Company Pty Ltd (dormant)
- * Queensland Airport Holdings (Cairns) Pty Ltd (dormant)
- * Queensland Airport Holdings (Mackay) Pty Ltd (dormant)
- * Queensland Lottery Corporation Pty Ltd

Stadiums Queensland

Stanwell Corporation Limited

- * Energy Portfolio 1 Pty Ltd (dormant)
- * Glen Wilga Coal Pty Ltd (dormant)
- * Goondi Energy Pty Ltd
- * Mica Creek Pty Ltd
- * SCL North West Pty Ltd
- * Tarong Energy Corporation Pty Ltd (dormant)
- * Tarong Fuel Pty Ltd
- * Tarong North Pty Ltd
- * TEC Coal Pty Ltd
- * TN Power Pty Ltd

SunWater Limited

- * Burnett Water Pty Ltd
- * Eungella Water Pipeline Pty Ltd
- * North West Queensland Water Pipeline Pty Ltd

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

Notes to the Financial Statements

51. Reconciliation to GFS

The following reconciliations to GFS are determined in accordance with the ABS GFS Manual.

(a) Reconciliation to GFS Net Operating Balance

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2019						
Net result from transactions						
Net operating balance (as per Operating Statement)		992	1,669	(1,944)	(1,802)	(1,086)
Convergence differences						
Other operating expenses - onerous contract	a	—	(1)	—	—	(1)
Other property expenses - income transferred by Public Enterprises as dividends	b	—	(1,694)	(109)	1,802	—
Total convergence differences		—	(1,695)	(109)	1,802	(1)
GFS Net Operating Balance		<u>992</u>	<u>(26)</u>	<u>(2,053)</u>	<u>—</u>	<u>(1,087)</u>

2018

Net result from transactions						
Net operating balance (as per Operating Statement)		1,750	1,882	(1,810)	(1,909)	(86)
Convergence differences						
Other operating expenses - onerous contract	a	—	(2)	—	—	(2)
Other property expenses - income transferred by Public Enterprises as dividends	b	—	(1,849)	(60)	1,909	—
Total convergence differences		—	(1,851)	(60)	1,909	(2)
GFS Net Operating Balance		<u>1,750</u>	<u>31</u>	<u>(1,870)</u>	<u>—</u>	<u>(89)</u>

Notes:

The convergence differences comprise:

- 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.
- GFS treats dividends to owners as an expense, whereas in the Operating Statement, they are treated as a distribution to owners and therefore a direct debit to equity. The differences do not flow through to the TSS as they arise from intersector transactions.

An elimination difference arises in respect of social benefits of \$38 million (2018: \$38 million) in the GGS and \$141 million (2018: \$133 million) in the TSS. In accordance with the ABS GFS Manual, certain transactions within and between the GGS and the PNFC sector are not eliminated on consolidation of the GGS or TSS, whereas under AASB 10, intragroup transactions are eliminated in full. These benefits are grossed up for GFS reporting in sales of goods and services and other operating expenses and there is no net effect on the Net operating balance.

(b) Reconciliation to GFS Fiscal Balance

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2019						
Fiscal Balance (as per Operating Statement)		(2,191)	1,471	(1,893)	(1,812)	(4,425)
Convergence differences						
Relating to net operating balance		—	(1,695)	(109)	1,802	(1)
Purchases of non-financial assets	a	(143)	—	—	—	(143)
Sales of non-financial assets	a	88	—	—	—	88
Change in net inventories	a, b	48	—	—	—	48
GFS Fiscal Balance		<u>(2,198)</u>	<u>(224)</u>	<u>(2,002)</u>	<u>(10)</u>	<u>(4,434)</u>
2018						
Fiscal Balance (as per Operating Statement)		(587)	1,785	(1,783)	(1,917)	(2,501)
Convergence differences						
Relating to net operating balance		—	(1,851)	(60)	1,909	(2)
Purchases of non-financial assets	a	(103)	—	—	—	(103)
Sales of non-financial assets	a	50	—	—	—	50
Change in net inventories	a, b	13	—	—	—	13
GFS Fiscal Balance		<u>(626)</u>	<u>(66)</u>	<u>(1,843)</u>	<u>(8)</u>	<u>(2,543)</u>

Notes:

The convergence differences comprise:

- GFS treats purchases and sales of land inventories and assets held for rental and subsequently held for sale as purchases and sales of non-financial assets. These are reflected in changes in net inventories for AASB 1049.
- For AASB 1049, change in net inventories includes total changes in the balance of land inventories and assets held for rental and subsequently held for sale.

Notes to the Financial Statements

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 Sector \$M
2019						
Comprehensive result - total change in net worth before transactions with owners as owners (as per Operating Statement)		6,467	1,861	(696)	(5,349)	2,283
Convergence differences						
Income transferred from Public Enterprises as dividends	a	—	(1,694)	(109)	1,802	—
Relating to other economic flows						
Net gain on investments in other entities	b	(105)	—	—	105	—
Deferred income tax equivalents	c	162	(188)	26	—	—
Net restoration costs	d	—	20	—	—	20
Onerous contracts	e	—	38	—	—	38
Remeasurement of shares and other contributed capital	f	—	(37)	779	(742)	—
Total convergence differences		57	(1,861)	696	1,165	57
GFS Total Change in Net Worth		6,524	—	—	(4,184)	2,341
2018						
Comprehensive result - total change in net worth before transactions with owners as owners (as per Operating Statement)		50	3,004	284	(2,586)	752
Convergence differences						
Income transferred from Public Enterprises as dividends	a	—	(1,849)	(60)	1,909	—
Relating to other economic flows						
Net gain on investments in other entities	b	400	—	—	(400)	—
Deferred income tax equivalents	c	(445)	418	27	—	—
Net restoration costs	d	—	18	—	—	18
Onerous contracts	e	—	(24)	—	—	(24)
Remeasurement of shares and other contributed capital	f	—	(1,567)	(251)	1,818	—
Total convergence differences		(46)	(3,004)	(284)	3,327	(7)
GFS Total Change in Net Worth		4	—	—	741	745

Notes:

The convergence differences comprise:

- GFS treats dividends to owners as an expense, whereas in the Operating Statement, they are treated as a distribution to owners and therefore a direct debit to equity. The differences do not flow through to the TSS as they arise from intersector transactions.
- 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.
- GFS does not recognise deferred income tax equivalents at all, whereas the Operating Statement recognises the deferred income tax equivalents and classifies them as other economic flows. The differences do not flow through to the TSS as they arise from intersector transactions.
- GFS does not recognise restoration costs, whereas restoration costs have been recognised in the Operating Statement. This difference flows through to the TSS.
- 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.
- GFS measures net worth as assets less liabilities less shares/contributed equity (remeasured). Shares/contributed equity are not deducted under Australian Accounting Standards.

Notes to the Financial Statements

51. Reconciliation to GFS continued

(d) Reconciliation to GFS Net Worth

	Notes	GGs \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2019						
Net Worth (as per Balance Sheet)		201,505	19,637	3,412	(32,806)	191,747
Convergence differences						
Financial assets						
Investment in other entities	a	6,346	—	—	(6,346)	—
Non-financial assets						
Restoration assets	b	(2)	(136)	—	—	(138)
Deferred tax assets	c	(6,204)	(477)	(51)	6,732	—
Liabilities						
Deferred tax liabilities	d	528	6,084	119	(6,732)	—
Restoration provision	e	1	623	—	—	624
Provision for onerous contracts	f	—	185	—	—	185
Shares and other contributed equity	g	—	(25,916)	(3,480)	29,395	—
Total convergence differences		670	(19,637)	(3,412)	23,050	671
GFS Net Worth		202,175	—	—	(9,757)	192,418
2018						
Net Worth (as per Balance Sheet)		195,038	18,987	4,216	(28,777)	189,464
Convergence differences						
Financial assets						
Investment in other entities	a	6,451	—	—	(6,451)	—
Non-financial assets						
Restoration assets	b	(2)	(69)	—	—	(70)
Deferred tax assets	c	(6,420)	(536)	(46)	7,002	—
Liabilities						
Deferred tax liabilities	d	582	6,331	88	(7,002)	—
Restoration provision	e	1	535	—	—	537
Provision for onerous contracts	f	—	147	—	—	147
Shares and other contributed equity	g	—	(25,396)	(4,259)	29,655	—
Total convergence differences		613	(18,987)	(4,216)	23,203	613
GFS Net Worth		195,651	—	—	(5,574)	190,077

Notes:

The convergence differences comprise:

- a. The measurement of equity investments in other public sector entities differs for GFS in that, for example, net restoration provisions, onerous contract provisions and deferred income tax balances are not recognised in net worth under GFS. In addition, the negative net worth of the individual public sector entities is included in the GGS valuation of those entities.

*General Government
Sector*
2019 2018
\$M \$M

Reconciliation of GAAP GGS investments in other public sector entities to GFS		
Investments in other public sector entities under GAAP		23,049 23,203
Add net deferred tax equivalent liabilities reported by PNFC and PFC		5,676 5,838
Add provisions for onerous contracts recorded by PNFC and PFC		185 147
Add net restoration costs		486 468
Investments in other public sector entities under GFS		<u>29,395</u> <u>29,655</u>

- b. GFS does not recognise restoration assets, whereas restoration assets have been recognised in the Balance Sheet. This difference flows through to the TSS.
- c. GFS does not recognise deferred tax assets, whereas deferred tax assets are classified as non-financial assets in the Balance Sheet. The difference does not flow through to the TSS as it arises from intersector transactions.
- d. GFS does not recognise deferred tax liabilities, whereas deferred tax liabilities are classified as non-financial liabilities in the Balance Sheet. The difference does not flow through to the TSS as it arises from intersector transactions.
- e. GFS does not recognise restoration provisions, whereas restoration provisions have been recognised in the Balance Sheet. This difference flows through to the TSS.
- f. GFS does not recognise a provision for onerous contracts, whereas a provision for onerous contracts is recognised in the Balance Sheet. This difference flows through to the TSS.
- g. GFS measures net worth as assets less liabilities less shares/contributed equity. Shares/contributed equity are not deducted under Australian Accounting Standards.

Notes to the Financial Statements

51. Reconciliation to GFS continued

(e) Reconciliation to GFS Cash Surplus/(Deficit)

	Notes	GGS \$M	PNFC \$M	PFC \$M	Elims \$M	Total State Sector \$M
2019						
Cash surplus/(deficit)		302	(429)	(1,400)	8	(1,520)
Convergence differences						
Acquisitions under finances leases and similar arrangements	a	(955)	(0)	—	—	(955)
GFS Cash Surplus/(Deficit)		(653)	(429)	(1,400)	8	(2,475)
2018						
Cash surplus/(deficit)		337	207	(1,246)	22	(680)
Convergence differences						
Acquisitions under finances leases and similar arrangements	a	(584)	—	—	—	(584)
GFS Cash Surplus/(Deficit)		(247)	207	(1,246)	22	(1,264)

Notes:

- a. The convergence differences arise because GFS recognises a notional cash outflow relating to new finance leases and similar arrangements in calculating cash surplus/(deficit), whereas the Cash Flow Statement does not recognise notional cash flows. This total difference flows through to the TSS.

	General Government Sector		Total State Sector	
	2019 \$M	2018 \$M	2019 \$M	2018 \$M
52. Expenses from transactions by function				
General public services	5,682	5,449	10,420	9,688
Public order and safety	5,228	4,982	5,156	4,913
Economic affairs	1,802	1,709	7,825	7,123
Environmental protection	1,079	848	997	833
Housing and community amenities	1,049	948	1,807	1,652
Health	17,993	16,790	17,882	16,694
Recreation, culture and religion	833	1,579	913	1,650
Education	14,298	13,608	14,173	13,463
Social protection	4,603	4,654	5,015	4,992
Transport	6,275	5,770	6,525	6,090
	58,842	56,337	70,712	67,099
53. Sector assets by function				
General public services ¹	45,113	47,063	63,002	62,806
Public order and safety	8,610	8,219	8,307	7,958
Economic affairs	11,062	11,353	43,233	42,471
Environmental protection	76,818	72,467	76,780	72,457
Housing and community amenities	18,725	18,329	32,381	32,095
Health	15,731	15,109	15,685	15,064
Recreation, culture and religion	4,296	4,329	5,032	5,005
Education	23,116	21,579	23,104	21,449
Social protection	2,164	2,001	3,353	2,699
Transport	75,115	70,234	84,666	79,874
	280,750	270,683	355,543	341,879

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 2019 \$M	Actual 2019 \$M	Change \$M	Change %
Continuing Operations Revenue from Transactions					
Taxation revenue		14,155	14,165	10	0.1%
Grants revenue	1	27,701	28,307	606	2.2%
Sales of goods and services		5,731	5,789	59	1.0%
Interest income		2,201	2,191	(10)	-0.5%
Dividend and income tax equivalent income	2	2,217	2,786	568	25.6%
Other revenue	3	5,733	6,596	864	15.1%
Continuing Operations Total Revenue from Transactions		57,738	59,834	2,096	3.6%
<i>Less</i> Continuing Operations Expenses from Transactions					
Employee expenses	4	23,807	24,019	212	0.9%
Superannuation expenses					
Superannuation interest cost	4	667	642	(25)	-3.8%
Other superannuation expenses	4	2,887	3,012	126	4.3%
Other operating expenses	5	15,774	16,490	717	4.5%
Depreciation and amortisation		3,429	3,451	22	0.6%
Other interest expense	6	1,474	1,581	106	7.2%
Grants expenses		9,552	9,647	96	1.0%
Continuing Operations Total Expenses from Transactions		57,590	58,842	1,252	2.2%
<i>Equals</i> Net Operating Balance		148	992	844	1.5%
<i>Add</i> Continuing Operations Other Economic Flows - Included in Operating Result					
Gain/(loss) on sale of assets/settlement of liabilities		6	42	36	
Revaluation increments/(decrements) and impairment (losses)/ reversals		(23)	(307)	(284)	
Asset write-downs		(101)	(167)	(66)	
Actuarial adjustments to liabilities		114	(398)	(512)	
Deferred income tax equivalents		(1)	(70)	(69)	
Dividends and tax equivalents treated as capital returns		110	102	(8)	
Other		(20)	(21)	(1)	
Continuing Operations Total Other Economic Flows - Included in Operating Result	7	85	(819)	(905)	
<i>Equals</i> Operating Result from Continuing Operations		233	173	(61)	
<i>Add</i> Other Economic Flows - Other Movements in Equity					
Adjustments to opening balances		—	48	48	
Revaluations		2,716	6,246	3,530	
Other		1	—	(1)	
Total Other Economic Flows - Other Movements in Equity	8	2,717	6,294	3,578	
<i>Equals</i> Comprehensive Result / Total Change in Net Worth		2,950	6,467	3,517	
KEY FISCAL AGGREGATES					
Net Operating Balance		148	992	844	
<i>Less</i> Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		5,927	5,764	(163)	
<i>Less</i> Sales of non-financial assets		345	312	(33)	
<i>Less</i> Depreciation		3,429	3,451	22	
<i>Plus</i> Change in inventories		(4)	61	65	
<i>Plus</i> Other movement in non-financial assets		1,032	1,121	89	
<i>Equals</i> Total Net Acquisition/(Disposal) of Non-Financial Assets		3,181	3,182	1	
<i>Equals</i> Fiscal Balance		(3,033)	(2,191)	842	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Balance Sheet

	Variance Notes	Published Budget 2019 \$M	Actual 2019 \$M	Change \$M	Change %
Assets					
Financial Assets					
Cash and deposits	9	303	1,868	1,565	515.9%
Receivables and loans					
Receivables		4,182	4,503	321	7.7%
Advances paid		703	667	(36)	-5.1%
Loans paid		243	206	(37)	-15.1%
Securities other than shares	10	30,063	32,351	2,288	7.6%
Shares and other equity investment					
Investments in public sector entities	11	23,812	23,049	(764)	-3.2%
Investments in other entities		8	1	(7)	-89.9%
Investments accounted for using equity method		147	149	2	1.6%
Total Financial Assets		59,460	62,793	3,333	5.6%
Non-Financial Assets					
Inventories		542	597	55	10.1%
Assets held for sale		56	145	90	161.2%
Investment properties		367	353	(14)	-3.9%
Property, plant and equipment	12	206,181	209,380	3,199	1.6%
Intangibles		877	816	(62)	-7.0%
Deferred tax asset		6,472	6,204	(268)	-4.1%
Other non-financial assets		258	463	206	79.9%
Total Non-Financial Assets		214,752	217,957	3,205	1.5%
Total Assets		274,211	280,750	6,539	2.4%
Liabilities					
Payables	13	4,088	5,142	1,054	25.8%
Employee benefit obligations					
Superannuation liability	14	23,414	26,986	3,572	15.3%
Other employee benefits	15	5,888	7,428	1,540	26.2%
Deposits held		2	—	(2)	
Advances	16	1,814	2,692	878	48.4%
Borrowing with QTC		29,735	29,468	(267)	-0.9%
Leases and other loans		2,556	2,612	56	2.2%
Securities other than shares		19	121	102	537.2%
Deferred tax liability		547	528	(20)	-3.6%
Provisions	17	2,583	3,217	633	24.5%
Other liabilities		928	1,052	124	13.3%
Total Liabilities		71,575	79,246	7,670	10.7%
Net Assets		202,636	201,505	(1,132)	-0.6%
Net Worth					
Accumulated surplus		91,473	88,883	(2,590)	-2.8%
Reserves		111,163	112,621	1,458	1.3%
Total Net Worth		202,636	201,505	(1,132)	-0.6%
KEY FISCAL AGGREGATES					
Net Financial Worth		(12,115)	(16,452)	(4,337)	
Net Financial Liabilities		35,928	39,501	3,573	
Net Debt		2,815	(198)	(3,013)	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Cash flow Statement

	Variance Notes	Published Budget 2019 \$M	Actual 2019 \$M	Change \$M	Change %
Cash Flows from Operating Activities					
Cash received					
Taxes received		14,153	14,127	(26)	-0.2%
Grants and subsidies received	18	27,712	28,572	859	3.1%
Sales of goods and services		5,947	6,027	79	1.3%
Interest receipts		2,199	2,173	(26)	-1.2%
Dividends and income tax equivalents	19	2,619	3,027	408	15.6%
Other receipts	20	7,007	8,034	1,027	14.7%
		59,637	61,959	2,322	3.9%
Cash paid					
Payments for employees	21	(27,701)	(27,348)	353	-1.3%
Payments for goods and services	22	(17,635)	(17,889)	(254)	1.4%
Grants and subsidies		(9,492)	(9,391)	101	-1.1%
Interest paid	23	(1,474)	(1,568)	(94)	6.4%
Other payments		—	(9)	(9)	100.0%
		(56,303)	(56,206)	97	-0.2%
Net Cash Flows from Operating Activities		3,334	5,754	2,419	72.6%
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets	24	(5,927)	(5,764)	163	-2.8%
Sales of non-financial assets		345	312	(33)	-9.5%
		(5,582)	(5,452)	130	-2.3%
Financial Assets (Policy Purposes)					
Equity acquisitions		(60)	(270)	(210)	347.8%
Equity disposals		110	164	54	49.2%
Advances and Concessional Loans Paid		(174)	(165)	10	-5.5%
Advances and Concessional Loans Received		72	113	42	58.0%
	25	(53)	(158)	(105)	196.7%
Financial Assets (Liquidity Purposes)					
Purchases of investments		(2,386)	(2,817)	(431)	18.1%
Sales of investments		5,262	3,735	(1,527)	-29.0%
	26	2,877	918	(1,958)	-68.1%
Net Cash Flows from Investing Activities		(2,759)	(4,691)	(1,932)	70.0%
Cash Flows from Financing Activities					
Cash received					
Advances received	27	133	3,070	2,937	2202.2%
Proceeds of borrowing		245	174	(71)	-29%
		378	3,245	2,866	757.5%
Cash paid					
Advances paid	27	(544)	(3,127)	(2,583)	475.1%
Borrowing repaid		(638)	(615)	24	-3.7%
Deposits withdrawn		(47)	—	47	-100.0%
		(1,229)	(3,741)	(2,512)	204.4%
Net Cash Flows from Financing Activities		(851)	(497)	354	-41.6%
Net increase/(decrease) in Cash and Deposits Held		(275)	566	841	-305.5%
Cash and deposits at the beginning of the financial year		579	1,302	724	125.1%
Cash and Deposits Held at the End of the Financial Year		303	1,868	1,565	515.9%
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		3,334	5,754	2,419	
Net Cash Flow from Investments in Non-Financial Assets		(5,582)	(5,452)	130	
CASH SURPLUS/(DEFICIT)		(2,248)	302	2,550	
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		(2,248)	302	2,550	
Acquisitions under finance leases and similar arrangements		(864)	(955)	(91)	10.5%
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		(3,112)	(653)	2,459	

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Explanations of major variances between AASB 1049 actual amounts and corresponding original budget amounts for GGS

Operating Statement

- 1 Grant revenue was \$606 million higher than the 2018-19 Budget estimate reflecting an increase in Commonwealth grants payments for National Health Reform Agreement funding, the bring forward of the 2019-20 Financial Assistance Grants for on-passing to local councils, and additional disaster recovery funding, as well as up-front funding for a three year agreement to assist primary producers affected by the North and Far North Queensland monsoon trough in early 2019.

These additional Commonwealth grants were partially offset by a decline in GST receipts due to lower than expected growth in the national GST pool.
- 2 Dividend and income tax equivalent income was \$568 million higher in 2018-19 than forecast in the 2018-19 Budget. Dividends increased \$251 million driven by improved earnings from the electricity generation and network businesses, which benefited from favourable wholesale energy market conditions and higher electricity generation due to demand. Similarly, tax equivalent income was \$317 million higher than budgeted, mainly due to the better than forecast operating result of the State's electricity businesses, including recognition of the gain by Stanwell Corporation on sale of reversionary rights upon entering a long term coal supply agreement with Coronado Curragh Pty Ltd.
- 3 Other revenue increased \$864 million over the 2018-19 Budget estimate mainly due to improved coal royalties resulting from higher coal prices continuing for longer than expected.
- 4 Employee expenses and superannuation expenses increased by a combined \$313 million over the 2018-19 Budget estimate due in part to additional health services activity and higher accruals for defined benefit superannuation.
- 5 Other operating expenses were \$717 million higher than the 2018-19 Budget. The increase in operating costs is partly due to additional costs associated with the State's self-insurance fund (QGIF), including settlement for the Stolen Wages class action claim made on behalf of Aboriginal and Torres Strait Islander people who were subject to the Protections Act controls, and higher than expected sexual abuse and medical indemnity claims, plus higher outsourced service delivery to support the slower than anticipated transition of specialist disability services clients to the NDIS.
- 6 The \$106 million increase in other interest expenses mainly relates to interest on GOC advances and borrowing with QTC.
- 7 Total other economic flows included in operating result were \$905 million lower than the 2018-19 Budget. This variance is primarily due to actuarial adjustments to the Long Service Leave Central Scheme and QGIF and the fair value decrement on the fixed rate note investment with QTC.
- 8 Other movements in equity were \$3.578 billion higher than expected at the 2018-19 Budget mainly due to:
 - increase in valuation of property, plant and equipment within the sector of \$6.482 billion which is largely attributable to the upwards valuations of land under roads, road infrastructure and other non-financial assets;
 - offset by actuarial adjustments to the valuation of defined benefit superannuation liabilities (increasing liabilities by \$2.391 billion).

Balance Sheet

- 9 Refer to Cash Flow Statement for movements in the cash balance.
- 10 Securities other than shares were \$2.288 billion higher than the 2018-19 Budget due to the timing of the repatriation of the Defined Benefit Scheme surplus assets, lower than anticipated defined benefit payments and adoption of AASB 9 fair value measurement for the fixed rate note with QTC, from 1 July 2018.
- 11 The decline of \$764 million in the investments in public sector entities is due to the combined movements in the net worth of PNFC and PFC sector entities.
- 12 The \$3.199 billion increase in property, plant and equipment compared to the 2018-19 Budget is mainly due to the net impact of land under roads and road infrastructure revaluations made post the original budget estimate.
- 13 Payables were \$1.054 billion higher than that forecast in the 2018-19 Budget. The increase is due to a number of factors, including overpaid GST revenue to be returned to the Commonwealth Government, funding payable to the National Disability Insurance Agency and capital payables for the Cross River Rail Authority and the Department of Education.
- 14 Superannuation liabilities were \$3.572 billion higher than Budget largely due to lower Commonwealth bond yields and salary inflation assumptions compared to those used to estimate the defined benefit obligations at the time of the 2018-19 Budget.
- 15 Other employee entitlements obligations were \$1.54 billion higher than the 2018-19 Budget primarily due to actuarial valuation adjustments to the long service leave scheme liabilities which were based on assumptions consistent with those used in the valuation of superannuation liabilities (refer to Note 14), as well as the impact of adopting a revised methodology for calculating long service leave liabilities.
- 16 Advances received from GOCs were \$878 million higher than the 2018-19 Budget with the expansion of the cash management scheme.
- 17 The main driver for the \$633 million increase in provisions from the 2018-19 Budget was higher than expected QGIF claims, including settlement costs for the Stolen Wages claim made on behalf of Aboriginal and Torres Strait Islander people who were subject to the Protections Act controls and higher than expected sexual abuse and medical indemnity claims. (Refer also Note 5).

Notes to the Financial Statements

54. General Government Sector budget to actual comparison continued

Cash Flow Statement

- 18 In addition to the increase per the operating statement (refer variance note 1), grants and subsidies were higher than budgeted due to claims from the Commonwealth for health activity funding being settled.
- 19 Dividend and tax equivalent receipts are \$408 million higher than expected at Budget mainly as a result of higher income tax equivalent receipts from the energy sector, in line with improved operating results, and an unbudgeted tax equivalent receipt from WorkCover Queensland following strong returns in the prior year.
- 20 Other receipts are \$1.027 billion higher than Budget mainly due to higher than expected coal royalty and sundry revenue receipts.
- 21 Payments to employees are lower than budgeted mainly due to lower rates of retirement payments from the defined benefit fund. This variance contrasts with the increase in the Operating Statement expense which was largely due to non-cash accruals.
- 22 Payments for goods and services are \$254 million higher than budgeted. The variance is lower than the Operating Statement (refer to variance note 5), as higher QGIF claims, mainly for Stolen Wages and Victims of sexual abuse, were provided for in 2018-19 but will be paid in the future.
- 23 Interest paid is \$94 million higher than budget mainly due to the timing of withdrawals from the redraw facility and higher than expected balances in the GOC advances facility.
- 24 Purchases of non-financial assets are marginally 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.
- 25 Net cash outflows from policy purposes are \$105 million higher than the 2018-19 Budget mainly due to lower equity returns from electricity GOCs.
- 26 Net cash inflows from liquidity purposes are \$1.958 billion lower than the 2018-19 Budget mainly due to a change in the profile of repatriations from the defined benefit superannuation scheme and the investment, in the QTC redraw facility, of additional net cash flows from operating activities.
- 27 Net advances received are \$354 million higher than the 2018-19 Budget. This is the result of the extension of the cash management strategy to further GOCs.

Certification of Queensland State Government Financial Statements

**General Government Sector and Total State Sector Consolidated Financial Statements
2018-19**

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 2019.

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.

Glenn Miller, CPA
Acting Head of Budget and
Financial Management
Queensland Treasury

Frankie Carroll, CA FCCA GAICD AITI
Under Treasurer
Queensland Treasury

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

22 January 2020

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 2019, 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 2019, 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 Acting Head of Budget and Financial Management.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Queensland Government in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 \$271.58 billion; General Government Sector \$209.38 billion at 30 June 2019)

Refer to note 32 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
<p>Property, plant and equipment is the most material balance on the Balance Sheet and is reported at fair value in compliance with AASB13 <i>Fair Value Measurement</i>.</p> <p>The valuation of some assets requires significant management judgement due to the uncertainties inherent in the valuation of these significant physical assets.</p> <p>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.</p> <p>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.</p>	<p>For material assets that were reported at fair value in entity financial statements, my procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 AASB13 Fair Value Measurement by agreeing them to the entity’s audited financial statements. <p>For material assets that were not reported at fair value in entity financial statements, my procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 AASB13 <i>Fair Value Measurement</i>.

Valuation of defined benefit superannuation liability (Total State Sector \$26.7 billion; General Government Sector \$27 billion at 30 June 2019)

Refer to notes 36 and 48 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
<p>The Queensland Government defined benefit superannuation liability is a material amount on the Balance Sheet.</p> <p>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.</p> <p>The State Public Sector Superannuation Fund (QSuper) defined benefit scheme is assessed annually by the State Actuary.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining management’s actuarial report and, with the assistance of an independent actuary, <ul style="list-style-type: none"> ○ assessing the appropriateness of the methodology used by the State Actuary ○ assessing the reasonableness of underlying assumptions and judgements used in estimating the liability, including comparison against accepted industry benchmarks ○ 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 procedures addressed this key audit matter
<p>The consolidated financial statements require the consolidation of financial information from a large number of public sector entities.</p> <p>Entities may apply different financial reporting frameworks or apply accounting standards and accounting policies differently in the preparation of their individual financial statements.</p>	<p>My procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • 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 procedures addressed this key audit matter
<p>AASB1049 <i>Whole of Government and General Government Sector Financial Reporting</i> requires restatement or reclassification of certain information prepared under generally accepted accounting principles (GAAP) to comply with the requirements of the Government Financial Statistics (GFS) requirements developed by the Australian Bureau of Statistics.</p>	<ul style="list-style-type: none"> • 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.

Other information

Other information comprises the information included in the Queensland Government’s Report on State Finances for the year ended 30 June 2019 but does not include the financial report and my auditor’s report thereon.

The Treasurer, through Queensland Treasury, is responsible for the other information.

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

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

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

I have nothing to report in this regard.

Responsibilities of the department for the financial report

The Treasurer, through Queensland Treasury, is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009* and Australian Accounting Standard 1049 *Whole of Government and General Government Sector Financial Reporting*, and for such internal control as is determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. AASB 1049 requires compliance with other applicable Australian Accounting Standards.

The Treasurer, through Queensland Treasury, is also responsible for disclosing matters related to going concern and using the going concern basis of accounting in the preparation of the financial statements, unless this is assessed as not being appropriate.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the Queensland Government's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Treasurer.
- Conclude on the appropriateness of the Queensland Government's use of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- 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.

Report on other legal and regulatory requirements

In accordance with s.42 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

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

24 January 2020

Karen Johnson
Acting Auditor-General

Queensland Audit Office
Brisbane



EXHIBIT (c)(iii)

Budget Papers of the Co-Registrant for 2019-20.

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;
- 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 2019-20

Budget Speech
Budget Paper No.1
budget.qld.gov.au



2019-20 Queensland Budget Papers

1. Budget Speech

2. Budget Strategy and Outlook

3. Capital Statement

4. Budget Measures

5. Service Delivery Statements

Appropriation Bills

Budget Highlights

The Budget Papers are available online at budget.qld.gov.au

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Budget Speech

Budget Paper No. 1

ISSN 1445-4890 (Print)

ISSN 1445-4904 (Online)



Appropriation Bill 2019

(First reading speech, 11 June 2019)

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

Mr Speaker,

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

Today I deliver a Queensland Budget unashamedly focussed on our regions.

I do so because Queensland is the most decentralised state in the federation.

A state that relies – more than any other – on the strength of its regional cities and towns.

On the prosperity of its regional economies.

And on the character and resilience of its regional communities.

Mr Speaker, our regions define who we are as Queenslanders.

When our regions do well, all of Queensland does well.

And so in shaping this Budget, it is regional Queenslanders who have been at the forefront of our thoughts.

Mr Speaker, this is a **Budget for regional Queensland.**

Our tourism regions. Our agricultural regions. And our coal and resource regions.

And it builds on a significant ongoing commitment by the Palaszczuk Government to regional Queensland.

Since 2015, the Palaszczuk Government has invested \$29 billion in infrastructure outside of Greater Brisbane.

That's almost 70 per cent of our entire capital spend – to strengthen our regional economies and improve hospitals and schools.

Mr Speaker, the list of projects completed or underway is too long to mention in detail, but the investment across our state includes:

- The Smithfield Bypass in Far North Queensland
- The Berth 4 upgrade at the Port of Townsville
- The Mackay Ring Road
- The Rockhampton Ring Road
- The Capricornia Correctional Centre expansion
- Major upgrades to the Bruce Highway
- The Sunshine Coast University Hospital
- The Gold Coast Light Rail extension; and
- The Kingaroy and Roma Hospital redevelopments.

And Mr Speaker

We're not about to stop investing in regional Queensland.

Staying the Course

Budgets are about choices.

Today, through this Budget, the Palaszczuk Government is choosing to stay the course.

We choose to continue our strategy of investing in jobs and in front line services to meet the needs of a growing state.

We choose to support business, particularly small and medium sized business, to create jobs.

We choose to prepare our state for the future by investing in new industries and skills.

We choose **not** to cut, sack and sell.

And we make these choices because our economic plan is working to create jobs.

The proof is in the numbers.

Since 2015, 199,000 jobs have been created.

And the gap between unemployment in the regions and SEQ is narrowing.

Because of this Government's focus on delivering infrastructure and creating jobs, in recent years this gap has fallen from 2.5 per cent to just 0.7 per cent.

In fact, in the last year alone in regional Queensland jobs are being created twice as fast as the population is growing.

Infrastructure

Mr Speaker,

These outcomes are no coincidence.

They have been achieved as a result of the Palaszczuk Government's focus on our number one priority – jobs for Queenslanders.

And in this Budget, we stay the course.

We continue our focus on job generating infrastructure with an investment of \$49.5 billion over four years.

This year the capital program will invest almost \$13 billion in job generating infrastructure, directly supporting more than 40,000 jobs.

And more than 25,000 or 63 per cent of those jobs will be in regions outside of Greater Brisbane.

This contrasts sharply with the Federal Government's Northern Australia Infrastructure Facility, which is yet to spend a single cent – or deliver a single new job – in regional Queensland.

Here's a sample of what our Government is delivering right across Queensland:

- Continuing the work on the Mackay Ring Road
- Expanding the Townsville Port
- Upgrading to the RG Tanna Coal Terminal in Gladstone
- Upgrading the M1 at key congestion points including the Pacific and Gateway Motorway merge

- Improving regional roads including the Kennedy Development Road and the Barkly Highway from Mt Isa to Cloncurry
- Delivering Cross River Rail to double our rail network capacity across the river meaning more trains from the Gold Coast and the Sunshine Coast
- Building the new North Queensland Stadium due to open ahead of the NRL Premiership Season next year
- Making a multi-million dollar investment in train manufacturing jobs in Maryborough at Downer EDI
- Developing a new export hub for regional Queensland
- Building a new counter-terrorism training facility at Wacol

And so much more.

In this Budget we are investing another \$70 million in the Building our Regions Program bringing our total commitment in this job generating program to \$515 million.

Building infrastructure creates good jobs in construction.

But it also builds our economic capacity, attracting new industry and private investment.

Our Economy Today

That's why, Mr Speaker, now is not the time to change course.

Despite the challenges of natural disasters, Canberra's cuts and an unfair GST distribution – it's not the time to diminish our investment in Queensland's economic prosperity.

Our commitment to keep building job-generating infrastructure and capital projects will see our borrowing with Queensland Treasury Corporation remain at affordable levels – \$72 billion in 2019-20.

Mr Speaker, Queensland can afford this continued investment.

The General Government debt-to-revenue ratio is a key measure of our capacity to sustain our investment.

The Government's careful management of borrowings means that this ratio will remain lower than any other major state except New South Wales.

And it is only lower in New South Wales because they have chosen to privatise assets.

Mr Speaker, Queensland's economy – and our Budget – are strong.

Counting the total value of everything we produce, Queensland is a \$350 billion economy – three times what it was in 1990.

And Queensland's economic growth is forecast to strengthen next financial year to 3 per cent and then 2 and three-quarter per cent for the following three years.

In fact, 2019-20 is expected to be the third year in a row that Queensland's growth rate outperforms national growth.

We will achieve surpluses in every year of the forward estimates period.

And this will see revenue growth outpace expenses growth over the forward estimate period.

We will continue to see the net worth of the state grow.

And by 2021, for the first time, the state's net worth will be more than \$200 billion.

Sectors & innovation

Mr Speaker,

As our economy grows, we also need to underpin its strength through diversification.

That's why the Palaszczuk Government is committed to developing new industries.

Advanced Manufacturing

Queensland is emerging as an advanced manufacturing state – creating new products for a new decade.

For example, together with industry and the community, we won the \$5.2 billion Land 400 contract with Rheinmetall at Ipswich.

This will see advanced manufacturing activity never before undertaken in Queensland.

With new skills and new capabilities contributing to a more diverse economy.

Energy

As well, Queensland is at the forefront of the global energy revolution – another opportunity to diversify our economy.

No state has more to gain from gas and hydrogen, solar and wind.

We lead the nation when it comes to energy supply and reform.

We power the nation with our energy exports to the national grid.

We help to power the globe with Queensland's coal and now our LNG exports which total \$15 billion a year.

All thanks to a Labor Government with the foresight more than a decade ago to create an entirely new resource industry for our state.

And now we have the opportunity to do it again with hydrogen.

Global demand for hydrogen is increasing, with the market expected to reach an astonishing US\$155 billion by 2022 – only three years away.

We want Queensland to be the home of this new industry. In the same way as we've become a key player in LNG.

Our renewable resources of solar and wind, combined with the existing gas pipeline infrastructure and port facilities gives us a competitive edge for the future production and export of hydrogen.

That's why this Budget provides \$19 million to help kick start the hydrogen industry in Queensland.

Innovation

Mr Speaker, this Government continues to support the entrepreneurs who are helping to diversify our economy.

Like the entrepreneurs from RedEarth Energy Storage at Darra who have developed battery systems which can store excess electricity for use after the sun goes down.

Like the social entrepreneurs who founded Orange Sky in Brisbane.

This enterprise has now expanded to 29 services across the country. Each week their vans do 10 tonnes of laundry and provide 122 showers for people in need.

Like the home-grown start-up company, Didgigo – based in Cairns and delivering new and exciting bespoke solutions in the tourism industry.

And the amazing work of Immunologist Professor Ian Frazer – who is investigating the use of a new therapeutic vaccine he invented to treat head and neck cancers.

Our \$175 million Jobs and Regional Growth Fund is helping Queensland to be at the forefront of a developing biofuels industry.

For example, the latest biorefinery pilot project in the Gladstone region will target production of four tonnes of renewable diesel and jet fuel daily, creating an estimated 50 jobs.

Resources

Mr Speaker, our efforts to build innovative new industries rests on the shoulders of Queensland's continuing traditional strengths.

Queensland is a resources state.

In the past four years we have attracted more than \$20 billion worth of new investment in resources and created more than 7,000 jobs.

And we will continue to innovate in mining and exploration.

The North West Minerals Province contains approximately 75 per cent of Queensland's base metal and mineral endowment, including copper, lead, zinc, silver, gold and phosphate deposits.

These are the very resources the world's new economy is demanding.

We want to unlock this potential.

That's why this Budget invests in new initiatives to promote exploration, mining and exports in the North West Minerals Province.

This includes common-user facilities at the Port of Townsville – open for use by any above-rail operator.

It means that wagons of mineral concentrate that are destined for the world's markets will no longer have to be unloaded more than 12 kilometres away and transported by truck through Townsville to the Port.

Our investment also includes a reduction in rail access charges on the Mt Isa line.

This means our resources will get from pit to port in the most competitive and cost-effective way.

This is a clear signal to global markets that we are serious about opening up the North West Minerals Province to the world and we've backed it with a half-a-billion-dollar investment in this year's Budget.

Agriculture

Mr Speaker,

Queensland is an agricultural state.

And we are meeting the rising demand for clean and green food from the growing Asian middle class.

This has helped us set trade records – with total exports rising more than 16 per cent to \$85 billion in the year to April 2019, including almost \$10 billion of rural exports.

In the face of instability and uncertainty in international markets we have worked with the agricultural sector to secure jobs and opportunities.

For example, this Budget dedicates \$14 million towards securing an international investor in Mackay Sugar Limited to secure more than 800 jobs on top of the proposed private investment of \$120 million.

Tourism

Mr Speaker,

Queensland is a tourism state.

Tourism numbers in our state are at an all-time high. We have seen record highs in international visitor numbers, with nearly 2.8 million visitors spending \$6 billion in Queensland.

Queensland's tourism is thriving by offering new experiences – and more visitors than ever have fallen in love with our natural beauty and cherished lifestyle.

That's how we have created thousands of tourism jobs, investing in direct flights from key locations in Asia whose people want to come straight to Queensland.

Our Budget again invests in a wide range of initiatives to attract tourists to Queensland and support jobs.

From the South East Corner, to the Outback we have our plan for jobs in tourism, backing it in with a more than \$600 million investment in major events, programs and projects, including:

- Completing the Wangetti Trail
- The rejuvenation of Great Barrier Reef Island Resorts
- Outback tourism infrastructure, including an investment in a new glass bridge spanning the Cobbold Gorge
- The rejuvenation of Airlie Beach
- Infrastructure for Great Keppel Island
- Premium ecotourism facilities on Whitsunday Island
- The continuation of the World Science Festival; and
- Funding for exclusive Queensland blockbuster exhibitions.

Payroll tax relief

Mr Speaker,

Queensland is the place to do business.

What we have achieved as a state – in our emerging and traditional industries – we have achieved in partnership with business.

We know that the private sector creates most jobs in our economy.

And more than four in ten private sector workers in the state work in small and medium businesses. These businesses are the beating heart of our economy.

Small and medium-sized enterprises make up more than 99 per cent of all businesses in this state.

And if even one in five of them was able to employ just one extra person, that would be more than 80,000 new jobs.

That is why a centrepiece of this Budget is help for small and medium sized businesses, especially in the regions.

Today, I announce a payroll tax relief package worth \$885 million to assist small and medium sized businesses to create jobs for Queenslanders.

From July, the exemption threshold for payroll tax will be increased for all Queensland businesses from \$1.1 million to \$1.3 million.

This will mean 1,500 additional businesses will no longer pay any payroll tax.

Queensland's new tax-free threshold for business is double Victoria's.

This means a business in Queensland can employ twice as many people – and operate at twice the size of a business in Victoria – before paying a single dollar in payroll tax.

As well, regional business who employ 85 per cent or more local workers will receive a payroll tax discount of 1 per cent off the set rate.

Our combined payroll tax threshold increase and the regional discount will mean an estimated 13,000 businesses are better off.

This demonstrates our continued determination to create jobs in regional communities.

Mr Speaker,

We will also keep our Back to Work incentive program which has provided support to more than 9,000 Queensland businesses who have been able to take on 19,000 previously unemployed Queenslanders.

And to further help address youth unemployment, the 50 per cent payroll tax rebate for apprentices and trainees – due to expire on June 30 – will be extended to June 2021.

Since the scheme started in 2015, more than 5,300 businesses have claimed a total of \$76 million.

In addition to payroll tax relief and Back to Work programs, we are driving down electricity costs for regional businesses.

The latest Queensland Competition Authority decision will see energy prices drop by almost 6 per cent for regional small businesses and 4.4 per cent for regional households.

This is a direct result of this Governments facilitation of renewable energy generation into the grid right across our state.

Health

Mr Speaker,

As I have said, budgets are about choices.

We have chosen to stay the course on our economic plan to create jobs.

And we are staying the course on building – not cutting – our frontline services.

In 2015 Queenslanders made the choice to stop the LNP's cuts and we have rebuilt the services the previous Government stripped away.

In health we have employed almost 6,000 nurses, more than 2,000 doctors and 500 ambulance officers to provide frontline health services for Queenslanders across the state.

This Budget provides a more-than \$18 billion operating budget for Queensland Health and more than \$770 million in capital investments to help keep Queenslanders healthy.

Regional hospitals in Roma and Gladstone will receive \$78 million for redevelopments that support local jobs and improve healthcare for our regions.

Community helicopter providers like CareFlight will receive more than \$58 million to help rapidly transport our most critically ill patients.

There will be even better mental health care at Hervey Bay and Maryborough Hospitals, along with new MRI and CT scanning equipment for Redcliffe Hospital.

And this Budget commits \$80 million over four years for a range of initiatives under the Shifting Minds Suicide Prevention Flagship program.

Mr Speaker, tragically, too many young Indigenous Queenslanders are taking their own lives.

Of this \$80 million investment, the Palaszczuk Government will direct almost \$7 million toward the specific circumstances of Indigenous mental health and wellbeing.

Education and training

Mr Speaker,

Good education and training transforms lives by unlocking opportunity.

And it transforms the economy by creating a future-ready workforce.

The Palaszczuk Government has:

- mandated that apprentices or trainees make up at least 15 per cent of the workforce on large-scale Government projects.
- provided a payroll tax rebate for businesses that take on apprentices
- made TAFE free.

Never forget those four words:

Labor. Made. TAFE. Free.

And we have restored education services previously cut.

In this Budget we again deliver a record investment in education and training.

We are increasing our investment in education infrastructure by a massive 80 per cent on last year's budget.

This means better and new schools, with world class learning environments and facilities.

We have committed an additional \$30 million over two years to support universal access for kindergarten in the year before school.

Mr Speaker, we know that early intervention can make all the difference to how a life is led.

That's why this Budget continues our commitment to vulnerable youth.

In addition to our historic \$330 million youth justice package, we will support at-risk young people through the expansion of our FlexiSpace program.

This program provides support to keep at-risk young people engaged in learning. Our \$17 million investment over coming years will see this program expanded to up to 52 state schools across the state.

Mr Speaker, it's hard to learn on an empty stomach. That's why we will fund Foodbank to expand their proven school breakfast program to an additional 70 schools throughout our state.

Climate change, natural disasters, renewable energy

Mr Speaker,

This has been another tough year for Queenslanders enduring extreme weather events.

In the long term, there is no greater threat to job creation than climate change.

And it is places like Queensland – where regional jobs matter so much – that stand to lose the most.

You only have to look at the natural disasters that have hit our communities and our Budget over the past year to see the very real impact we are facing.

The bushfires in Central Queensland in November last year.

The unprecedented February flood events in Townsville and the North.

We think of our farmers in areas like Cloncurry, Normanton and Julia Creek, who battled drought for years to keep their farms productive.

And how their happiness at the first sight of rain turned to devastation as their stock was wiped out by the deluge.

We remember Cyclone Trevor hitting our communities in the Cape York Peninsula hard.

Then crossing the coast further south as a low-pressure system, flooding our communities in Central and Western Queensland.

Communities like Barcaldine, Tambo and Longreach.

As Queenslanders we take pride in the fact that we band together in times like this – we lend a helping hand to those in need.

And Queenslanders know better than anyone how these events devastate the economy and damage the Budget bottom line.

All told, 84 disasters in the past decade have now caused more than \$15 billion in damage to public infrastructure.

Including an estimated \$1.3 billion in damage since November 2018 alone.

So that is reality today. Extreme weather events already cost us through direct government expenditure, lost revenue and lost production.

We are paying the price of climate change right now. And it will only grow over time.

So because of the environmental emergency unfolding over decades, the Government has an immediate economic responsibility.

We must act to mitigate the climate risk to the state's economy and the livelihoods of Queenslanders.

We must heed calls from business leaders within our economy – from energy and mining to retail, insurance and finance.

We must not ignore warnings from the Reserve Bank of Australia.

In March, Deputy Governor of the RBA, Guy Debelle, warned of the serious consequences of climate change to our economy when he said:

“... the physical impact of climate change and the transition are likely to have first-order economic effects ... [including] ... challenges for financial stability...”.

Mr Speaker,

In short, if we don't act now, climate change will cut jobs and growth, lift prices and inflation, and destabilise our insurance and banking systems.

The problem is environmental *and* economic, urgent *and* important.

In response, our leadership must be global *and* local.

And that's why we are pursuing a range of initiatives to lower emissions and create more renewable energy.

For example, next financial year, the Government's renewable and low-emissions electricity generator – CleanCo – will begin operating and trading in the national electricity market.

CleanCo will assist in the provision of a cleaner, more affordable, sustainable and secure energy supply for Queensland.

Alongside the Government's existing generation businesses, CleanCo will play a key role in the Government's commitment to generate 50 per cent of the state's energy from renewable sources by 2030.

As always, Queensland will carry its weight.

We will do our part.

Canberra

And Mr Speaker,

That's what makes Canberra's treatment of Queensland all the more disappointing.

As we struggle with natural disasters and the challenges of funding the needs of a growing state, the Federal Government is intent on being a ball and chain around our ankle.

Mr Speaker, this Government was not counting on a federal Labor win at the recent election.

But we cannot underestimate the impact of what another term of a Morrison LNP Government means for our state.

Less investment in Queensland's infrastructure.

Less for our schools and hospitals and other services.

And less revenue from GST.

Let's take the GST distribution, for example.

The Federal Government earlier this year announced a new approach to distributing GST revenues to the states.

As a result of these changes – and Mr Frydenberg's directions to the Grants Commission – Queensland will be the only state to receive less in GST revenue next year than last year.

In fact, Queensland's share of the GST has been slashed by \$866 million as a direct result of interference by Canberra.

As a result of Canberra's cuts, there will be an increase in land tax rates for companies and trusts of 0.25 per cent.

This change is forecast to raise \$238 million over the forward estimates and apply only to land holdings over the value of \$5 million.

Land tax rates for individuals will not change.

We will also bring the land tax absentee surcharge adjustment in line with NSW and Victoria. This will see an increase in the surcharge from 1.5 per cent to 2 per cent, along with a widening of the definition to include foreign companies and trusts.

The estimated revenue for this measure is \$540 million over the forward estimates.

The measures will help buffer Queenslanders from Canberra's rip-off.

Mr Speaker, the Government makes these land tax changes reluctantly.

And so I make this commitment.

If Canberra fixes the current bias in their GST calculations and returns what we are owed, we will repeal these land tax measures.

I urge Queensland business to lobby their State and Federal LNP Members of Parliament.

Demand they return Queensland's fair share of GST.

Petroleum Royalty

Mr Speaker, earlier I spoke of the achievement of creating an entire LNG industry from scratch.

This relatively new industry is providing jobs and economic prosperity for regional Queensland.

However, the current royalty regime has been in place essentially since the industry commenced operations 10 years ago.

A feature of the arrangements is that different organisations are operating under separately struck royalty arrangements.

We intend to review royalty arrangements with a view to levelling the playing field.

In the process we will also increase royalties overall by 2.5 per cent – to 12.5 per cent for petroleum.

This is still a very fair outcome for a global industry operating in an international market in circumstances where other royalty rates, for example Canada, are as high as 30 per cent.

We will bring industry and producers together to work out a new scheme which is fair for all and will get us the best outcome.

These resources are from our regions and it's only fair that Queenslanders get a dividend. Our petroleum resources are in high demand, internationally and domestically.

The petroleum dividend returned to Queenslanders for their resources will be \$476 million over the forward estimates.

CONCLUSION

Mr Speaker,

Let me conclude where I began.

Budgets are about choices.

The Palaszczuk Labor Government chooses to stay the course.

We do so because all of the evidence points to the fact our economic plan is working.

Our promise to Queenslanders was that we would not cut, sack and sell.

This Budget delivers on that promise.

We will continue our plan to back Queensland jobs and stand by our communities.

To invest in our regions and build critical infrastructure.

To grow and diversify our economy.

To encourage small and medium businesses to grow.

To deliver the frontline services Queenslanders rely upon.

And to never shy away from the tough challenges.

Mr Speaker, this is a Budget for all Queenslanders.

But particularly, this is a Budget for Queensland's regions.

I commend the Bill to the House.



Queensland Budget 2019-20

Budget Speech Budget Paper No.1

budget.qld.gov.au

QUEENSLAND BUDGET 2019–20

Budget Strategy and Outlook
Budget Paper No.2
budget.qld.gov.au



2019-20 Queensland Budget Papers

1. Budget Speech
2. Budget Strategy and Outlook
3. Capital Statement
4. Budget Measures
5. Service Delivery Statements

Appropriation Bills

Budget Highlights

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Budget Strategy and Outlook

Budget Paper No. 2

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State Budget
2019-20

Budget Strategy and Outlook

Budget Paper No. 2

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Overview

The latest National Accounts show the Queensland Economy leads the mainland states and territories in terms of domestic economic growth in March quarter 2019, while Queensland's 2¾% forecast growth in gross state product (GSP) in 2018-19 is expected to outpace forecast national gross domestic product (GDP) growth of 2¼%.

The underlying performance of the State's economy has been strong due to the unwavering commitment and focus by the Government to drive own-source revenue, focus on jobs and deliver the infrastructure necessary to support private sector investment.

Queensland has a dynamic, diversified export economy. The Government has built a strong, sustainable and growing export capability which has delivered 13 consecutive months of record annual export totals, with the 12 months to April 2019 topping \$85 billion. This is more than the total overseas goods exports of NSW and Victoria combined over the same period.

The top two export commodities in total export value were metallurgical coal (\$37.4 billion) and liquefied natural gas (LNG, \$15.2 billion). The LNG industry, which did not even exist in Queensland a decade ago, recorded more than twice the export value of thermal coal.

The 2019-20 Budget forecasts continuing strong growth for the coming financial year, with GSP forecast to grow by 3%.

However, in the face of this performance, national and global economic conditions have continued to deteriorate since late 2018 and forecasts indicate there will be a further weakening in global conditions. This uncertain external environment provides context for GSP growth to moderate to 2¾% over the forward estimates period beyond the 2019-20 financial year.

The Queensland Government will continue to use all levers at its disposal to drive economic growth and maintain a strong economy despite the loss of revenue due to the continual erosion of the State's share of GST.

The impact of the Commonwealth's GST reductions since the Mid Year Fiscal and Economic Review (MYFER) is taking \$1.5 billion out of Queenslanders' pockets over the forward estimates. The actions taken by the Commonwealth Government have meant that Queensland is the only jurisdiction in the Commonwealth that will receive less GST revenue in 2019-20 than in the previous year. These challenges are in addition to the budget impact of natural disasters which occurred in the 2018-19 year with a total cost of \$1.3 billion over the forward estimates.

While Queensland is unique in receiving less GST revenue, the impact of subdued activity in the housing market nationally has delivered a revenue reduction across many jurisdictions. In Queensland, transfer duties have been revised down by \$1 billion since the Mid Year Fiscal and Economic Review over the forward estimates period. Despite facing these headwinds, segments of the State's dwelling construction industry have held up well, with labour-intensive additions and alterations activity hitting a record high in March quarter 2019.

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The net operating surplus for this year is almost \$700 million higher than forecast in the 2018-19 Budget. The State has conservatively budgeted revenue outcomes and this trend has been replicated for the past three budget years.

Over the preceding three budgets, revenues have exceeded original budget forecasts by \$7.3 billion. A continuation of this trend, of exceeding the 2019-20 Budget forecasts by 4%, would see an additional \$2.4 billion in actual revenues above the level currently forecast for 2019-20.

The 2019-20 Budget maintains its consistently prudent approach to forecasting revenue growth and delivering on the fiscal principles of the Queensland Government.

Building on the successful strategies, initiatives and substantial investment implemented in the Government's four previous budgets, the 2019-20 State Budget will continue to drive sustainable economic growth and create secure, well-paid jobs across all regions of Queensland.

Following the strong economic growth and 199,000 jobs created since 2015, ongoing solid jobs growth is forecast in Queensland over the four years to 2022-23.

In the face of a changing global landscape, Queensland's businesses, industries, communities and regions continue to grow and adapt as the State successfully transitions to a more resilient and diversified economy.

As Queensland's economy continues to evolve and grow, the 2019-20 Budget and the Government's economic plan will help create jobs across all regions of the State through an enhanced focus on:

- supporting businesses and business-led growth
- delivering sustainable investment in productive infrastructure and essential services
- fostering the next wave of innovation and investing in ideas
- investing in skills and training for current and future generations of Queenslanders.

Payroll tax initiatives – Supporting Queensland business and backing jobs

Queensland's small, medium and growing businesses across all regions will benefit from a \$885 million package of targeted payroll tax initiatives, making it easier for businesses to grow, invest and employ more Queenslanders.

Key elements of the package to be implemented in 2019-20 include:

- an increased exemption threshold – rising from \$1.1 million to \$1.3 million, which will benefit employers with annual wages up to \$6.5 million
- regional payroll tax discount – from 1 July 2019, a 1% payroll tax discount will apply for eligible employers with 85% of their employees outside of South East Queensland
- employment growth rebate – for two years from 1 July 2019, employers that have increased their number of full-time employees will be eligible for a rebate on the payroll tax paid on these additional employees

- extension of apprentice and trainee rebate – the Government is also extending the successful 50% payroll tax rebate for apprentices and trainees until 30 June 2021. Since the introduction of the rebate in 2015-16, over 5,300 businesses have claimed a total of \$76 million in rebates.

Growing our regions

The Queensland Government continues its commitment to building stronger regional economies by investing in transformative infrastructure to encourage industry development, investment, innovation, and creating secure and well paid regional jobs.

Close to 60% of the \$12.9 billion capital works program in 2019-20 is to be delivered in regions outside of the Greater Brisbane area, supporting 25,500 jobs in those regions.

Other key initiatives in the 2019-20 Budget supporting economic growth and jobs across regional Queensland include:

- ongoing funding of the \$600 million Works for Queensland program to support job-creating maintenance and minor infrastructure works across regional Queensland
- transformative regional tourism infrastructure projects such as \$41.4 million to develop the Wangetti Trail ecotourism walk from Palm Cove north to Port Douglas; and \$25 million to help industry rejuvenate the Great Barrier Reef Island resorts
- \$110 million over four years from 2019-20 to provide further support for the North West Minerals Province and to promote mining exploration and investment in the region; and the \$193.5 million Townsville Port channel capacity upgrade
- a \$70 million boost to Building our Regions, bringing total funding for the program to \$515 million, of which \$365 million is administered by the Department of State Development, Manufacturing, Infrastructure and Planning and \$150 million is administered by the Department of Transport and Main Roads through their Transport Infrastructure Development Scheme
- an increased commitment of \$25 million to the Jobs and Regional Growth Fund, bringing the total funding of this program to \$175 million, to assist businesses and projects that will generate ongoing economic development and employment opportunities in regional Queensland.

Investing in infrastructure

The \$49.5 billion capital works program over four years outlined in the Budget will directly support private sector jobs, with the \$12.9 billion capital works program in 2019-20 estimated to directly support 40,500 jobs across the State.

To further enhance the productive capacity of the State's businesses, industries, communities and regions, the Government will deliver a \$5.6 billion investment in transformative transport infrastructure in 2019-20. In addition, the energy and water portfolios will invest \$2.7 billion in infrastructure in 2019-20 to support the ongoing delivery of safe, secure, reliable and cost-effective energy and water across the State.

Budget Strategy and Outlook 2019-20

Capital expenditure across the health portfolio is \$777.7 million in 2019-20, including \$78.6 million as part of the Enhancing Regional Hospitals program and \$40.7 million as part of the Rural and Regional Infrastructure package. The Government's *Building Better Hospitals* commitment includes projects at three major south-east Queensland hospitals with a combined value of \$956.9 million.

The education portfolio's capital expenditure totals \$1.2 billion in 2019-20. This includes an additional \$272.8 million for new schools and classrooms, and air-conditioning. The 2019-20 Budget includes increased funding of \$532.6 million over seven years from 2018-19 to expand the Building Future Schools Fund to a total of \$1.3 billion to deliver world class learning environments for children, including new primary, secondary and special schools opening in 2020 and 2021.

Other highlights of the Government's capital works program include:

- ongoing construction of the transformative Cross River Rail project, which will ease congestion, improve network reliability and increase heavy rail accessibility to the Brisbane CBD for all South East Queensland regions. The State Government has allocated \$5.409 billion to the Cross River Rail, which will mean more trains, more often and turn-up-and-go transport for South East Queensland commuters
- major projects on the M1 Pacific Motorway, including the Varsity Lakes to Tugun and Eight Mile Plains to Daisy Hill projects, as well delivery of the Pacific Motorway/Gateway Motorway merge project, due for completion in 2020
- several key projects on the Bruce Highway, aimed at improving safety, flood resilience and capacity along its 1,700km length. These projects, being delivered in partnership with the Australian Government, will also continue to support construction jobs across regional Queensland
- several major infrastructure projects to support the Government's commitment to preventing offending and reoffending, and keeping young people out of courts and custody
- construction of the \$152 million Smithfield Bypass project to improve safety and traffic flow for road users around the northern beaches of Cairns
- a \$930.7 million investment in Townsville in 2019-20, contributing to the delivery of a number of significant productivity enhancing and job creating infrastructure projects in the region over the coming years, including:
 - \$225 million Townsville water security project to address long-term water security needs
 - \$193.5 million Stage 1 of the Townsville Port Expansion Project, to upgrade capacity of the Townsville Channel to allow access by larger vessels and boost trade at the Port of Townsville
 - completion of the \$290 million North Queensland Stadium, a 25,000-seat stadium in Townsville, in time for the 2020 National Rugby League Premiership Season
 - \$31.9 million Townsville (Pimlico) TAFE project to refurbish and expand training facilities
 - \$25 million to help industry rejuvenate the Great Barrier Reef Island resorts and offer world-class experiences to visitors

- \$7.3 million in 2019-20 out of a \$45.4 million total spend to rehabilitate and widen various sections of the Gregory Development Road for freight and productivity gains
- \$6.7 million in 2019-20 out of a \$44.4 million total spend to complete construction of the new North Shore State School.

Increasing frontline services

To ensure all Queenslanders have access to world-class essential services, no matter where they live across the State, the Government continues to maintain record spending on delivery of health and education and training services.

The 2019-20 Budget allocates a record \$18.5 billion for the provision of health services.

The 2019-20 Budget allocates a record \$14.9 billion for education and training services.

An additional \$847.9 million has been provided over five years for both capital investments and service provision in the justice system to keep Queensland's communities safe.

The Budget also outlines the Government's substantial ongoing investment in keeping our communities safe, protecting our environment for the future, supporting our Aboriginal and Torres Strait Islander communities and lowering the cost of living.

Investing in ideas and fostering the next wave of innovation

In the face of a changing global landscape, the Government is supporting businesses throughout the State to develop and adopt innovative approaches and seize new opportunities.

Advance Queensland, the Queensland Government's \$755 million flagship innovation program, continues to play a key role throughout the State in unlocking new opportunities to sustain and grow traditional industries while also helping to shape the development of emerging industries by fostering and supporting innovative ideas, research and technologies.

Highlights of the 2019-20 Budget that will foster and support adoption of the next wave of innovation by Queensland businesses and communities include:

- additional funding of \$19 million to establish an agenda for renewable hydrogen industry attraction and incentivisation to drive job creation, regional growth, and increased innovation and development, with Gladstone being a focus point for hydrogen development
- additional funding of \$8.6 million over two years is provided for FibreCo to potentially make high speed and low-cost internet available to regional Queensland, with substantial additional funding provided for a range of other key telecommunications infrastructure to enhance community connectivity across regional Queensland.

Skilling current and future generations of Queenslanders

With the number of employed persons in Queensland projected to surpass 2.6 million by 2022, the Palaszczuk Government is focused on providing people with the education, training and skills to access employment opportunities, including the jobs of the future.

Budget Strategy and Outlook 2019-20

The Budget includes several initiatives to support pre-school education and learning, including increased funding of \$63.6 million over four years and \$18.7 million ongoing to continue the provision of Early Childhood Development Programs, as well as \$30.4 million over two years for the continued provision of universal access to kindergarten for children in the year before school.

The Government is providing increased funding of approximately \$1.4 billion over calendar years 2019 to 2023 for Queensland state schools, as part of the five-year school funding agreement reached with the Australian Government in December 2018.

Further, significant commitments are made in the 2019-20 Budget to improve Queensland's state schools, including \$532.6 million over seven years to expand the Building Future Schools Fund and \$251.3 million over three years for additional facilities at existing state schools experiencing enrolment growth.

The 2019-20 Budget also builds on the Government's substantial existing investment in training and skills, through innovative initiatives such as the Micro-Credentialing Pilot and a Higher Level Apprenticeship Pilot to provide modern and flexible pathways to address current, emerging and future skills needs. Further targeted support is provided to disadvantaged groups, including mature-age jobseekers, through the \$420 million Skilling Queenslanders for Work initiative to help them re-enter and stay in the workforce.

Since the Free TAFE initiative launched in August 2018, more than 6,000 students have started a new qualification, subject or module as part of their vocational education.

Further, the Government is continuing to deliver Free TAFE to help Year 12 graduates gain the training they need to develop skills in growing industry areas by covering the full cost of training in one of 160 high priority qualifications to ensure they get the skills to start their career.

Building the resilience of our communities impacted by natural disasters

The Government remains committed to rebuilding regional communities impacted by the North Queensland floods and other recent natural disasters. Key elements of the Government's investment focused on improving existing infrastructure to improve the resilience of the State's communities (with partial funding provided by the Australian Government) include:

- a \$242 million disaster funding package following the North and Far North Queensland Monsoon Trough
- ongoing funding as part of the Queensland Government's \$110 million commitment for extraordinary recovery and reconstruction projects following Severe Tropical Cyclone Debbie
- supporting drought-affected communities through continuation of the Drought Assistance Package by providing up to \$74.6 million over four years.

Economic Outlook

Queensland's economy has continued to grow solidly. However, a range of global, national and local factors are expected to see Queensland's Gross State Product (GSP) growth ease to 2¾% in 2018-19.

Budget Strategy and Outlook 2019-20

Global economic conditions have deteriorated substantially since early 2018, with a slowdown in China's domestic economy, escalation of global trade tensions and uncertainty related to Brexit resulting in a slowing of global growth in late 2018. These trends have intensified in early 2019.

Nationally, the weaker global outlook and sharper than expected slowdown in the housing sector have led to an easing in domestic economic growth. Recent ABS *National Accounts* data confirmed this trend, with national GDP growing by only 0.4% (seasonally adjusted) in March quarter 2019, while Queensland recorded the strongest growth in state final demand (SFD) of all the mainland states and territories at 0.5% (seasonally-adjusted) for the same period.

An ongoing moderation in dwelling investment and the associated flow-on to consumption spending, as well as a moderation in business investment, are all contributing to the easing of growth in 2018-19.

The easing growth in 2018-19 also reflects the impact of the flooding event in North Queensland, which impacted many local communities. Losses in economic output from the floods are estimated to be around $\frac{1}{4}$ percentage point of GDP, spread across 2018-19 and 2019-20.

GSP growth is forecast to strengthen to 3% in 2019-20, underpinned by a pick-up in domestic activity as business investment strengthens. From 2020-21 onwards, economic growth is expected to remain solid, at around $2\frac{3}{4}$ % per annum, consistent with its longer-term capacity and with a more balanced contribution from all major components across the economy.

As reflected in the fiscal revenue forecasts, the softer global and national outlook, a sharper than expected slowdown in the housing sector and the moderation in employment growth are expected to have impacts on the growth in key Queensland government revenues, including GST, transfer duty and payroll tax.

The strong GSP growth in 2017-18 was accompanied by exceptional employment growth of 4.1%, the strongest growth in more than a decade and the largest annual rise (97,700 persons) in the State's history. However, in line with more subdued domestic activity, employment is still expected to grow, but at more moderate rates of $1\frac{1}{2}$ % in 2018-19 and $1\frac{1}{4}$ % in 2019-20.

As employment growth eases, the participation rate is expected to decline, and the unemployment rate is forecast to stabilise at around 6% in both years.

Beyond 2019-20, as domestic activity strengthens, jobs growth is expected to pick up to around $1\frac{3}{4}$ %, while the unemployment rate is expected to edge lower to $5\frac{3}{4}$ % by the end of the projection period.

Overview Table 1 Queensland economic forecasts/projections¹

	Actual	Est. Act.	Forecasts		Projections	
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Gross state product ²	3.5	2¾	3	2¾	2¾	2¾
Nominal gross state product	5.7	6	3¼	3½	4½	4¾
Employment ³	4.1	1½	1¼	1½	1¾	1¾
Unemployment rate ⁴	6.0	6	6	6	6	5¾
Inflation ³	1.7	1¾	2	2¼	2½	2½
Wage Price Index ³	2.2	2¼	2¼	2½	2½	2¾
Population ³	1.7	1¾	1¾	1¾	1¾	1¾

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. Chain volume measure (CVM), 2016-17 reference year.
3. Annual percentage change, year-average.
4. Per cent, year-average.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

Fiscal Outlook

The 2019-20 Budget demonstrates the Government's commitment to supporting job creation, investing in the regions and delivering the infrastructure and frontline services Queensland needs, in a financially sustainable manner.

Net operating surpluses are projected in each year of the forward estimates. This is being achieved despite a reduction in Queensland's share of GST revenue and downward revisions to transfer duty revenue. Across the forward estimates, the net operating balance is expected to improve as revenue growth outpaces expense growth with the gap widening each year from 2020-21 onwards.

A \$49.5 billion capital program over four years will deliver infrastructure that supports economic growth across Queensland, enhances frontline services and provides employment opportunities. This level of investment will be partly funded through borrowings.

Even so, General Government borrowings as a share of revenue are expected to remain substantially below the peak level reached in 2012-13. The Government will continue to fund infrastructure investment while managing debt. This is being achieved while retaining strategic assets, such as electricity and water businesses, in public ownership.

In the Non-financial Public sector, which also includes the government-owned corporations, borrowings are expected to peak as a share of revenue in 2021-22, before declining in 2022-23.

Budget Strategy and Outlook 2019-20

The 2019-20 Budget incorporates adoption of a new accounting standard, which requires operating leases, such as office accommodation leases, to be recognised on the balance sheet as liabilities, despite there being no change in the State's financial commitments. This new accounting standard has added \$2.2 billion to lease liabilities, and therefore net debt, in the General Government Sector in 2019-20. For the Non-financial Public sector, the new accounting standard has increased liabilities and net debt, by \$2.6 billion on adoption.

Overview Table 2 Key fiscal aggregates¹

	2017-18 Actual ² \$ million	2018-19 MYFER \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
General Government Sector							
Revenue	58,087	59,002	60,068	60,387	61,729	63,583	65,540
Expenses	56,335	58,478	59,226	60,198	61,416	63,101	64,753
Net operating balance	1,753	524	841	189	313	483	787
PNFA ³	5,127	5,981	6,060	6,727	7,125	7,963	6,179
Fiscal balance	(586)	(2,632)	(2,677)	(3,527)	(3,667)	(4,280)	(1,731)
Borrowing with QTC⁴	29,256	30,610	29,933	32,781	35,218	40,174	42,589
Leases and similar arrangements ⁵	2,152	2,557	2,623	5,824	7,071	6,943	6,966
Securities and Derivatives	122	75	122	122	122	122	122
Non-financial Public Sector Borrowing with QTC	66,964	68,774	68,141	71,954	75,413	80,645	82,972
Leases and similar arrangements	2,152	2,557	2,623	6,217	7,430	7,266	7,254
Securities and Derivatives	405	278	671	544	502	492	492

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
2. Reflects published actuals.
3. PNFA: Purchases of non-financial assets.
4. Queensland Treasury Corporation.
5. This includes adoption of new accounting standard AASB 16 Leases.

1 Economic Plan – Backing Queensland Jobs

Features

- Queensland’s businesses, industries, communities and regions continue to grow and adapt as the State successfully transitions to a more resilient, diversified economy in the face of a changing global landscape.
- Queensland is not immune from the global forces shaping our economy – from technology to climate change to the changing nature of work in the future. This is what businesses in the private sector – from mining to agriculture, to financial services – are already adapting to: so too must the State’s economic strategy.
- Jobs and growth in the future will require our economy to:
 - diversify more and embed technologies better
 - train our people in new skills and in different ways
 - tailor our products and services to better meet the demands of Australian and global consumers.
- As the State’s economy continues to evolve and grow, creating jobs now and into the future remains at the heart of the Government’s economic plan – a plan that will ensure all Queenslanders, across all regions, benefit from the opportunities that current and future economic and jobs growth will deliver.
- Leveraging off the successful initiatives and investment in the Government’s four previous budgets, the 2019-20 Budget will continue to create secure, well-paid jobs and drive sustainable economic growth across all the State’s regions through an enhanced focus on:
Supporting businesses and business-led growth Delivering sustainable investment in productive infrastructure and essential services Fostering the next wave of innovation and investing in ideas Investing in skills and training for current and future generations of Queenslanders.
- Building on the 199,000 jobs created since 2015, ongoing solid jobs growth in Queensland is forecast over the four years to 2022-23. This growth is underpinned by the Government’s commitment to provide Queensland’s businesses with the confidence they need to grow, invest, innovate, export and employ.
- The gap between the regional and South East Queensland unemployment rates has continued to narrow, from 2.5 percentage points in mid-2016 to 0.7 percentage points over the year to April 2019. The Budget builds on this with further incentives and investments to drive jobs growth across Queensland, especially in regional Queensland.
- The 2019-20 Budget will see thousands of businesses across all areas of the State benefit from a \$885 million payroll tax package, a boost to the Back to Work jobs program, increased funding for key business attraction and investment programs and a range of other initiatives to promote growth in key industries and priority sectors.

- Queensland remains highly competitive in terms of payroll tax and in terms of taxation per capita – in order to attract business and skilled people to our State.
- The Budget features a \$49.5 billion investment in productivity-enhancing capital works over four years, delivering critical economic and social infrastructure and jobs across all regions. The \$12.9 billion capital works program in 2019-20 will directly support 40,500 jobs across the State, with close to 60% of the 2019-20 capital works, estimated to support 25,500 jobs, to be delivered in regions outside of the Greater Brisbane area.
- The Budget also outlines ongoing and increased funding for a range of programs to support tens of thousands of jobs in key regional industries, including mining, agriculture, tourism, and emerging sectors supporting regional jobs.
- Record spending on health and education, and ongoing investment in schools, hospitals and other social infrastructure will ensure provision of world-class health, education and training services, as well as the justice services needed to keep communities safe and protect Queenslanders. This investment will help Queenslanders in all regions access secure, well-paid jobs and enjoy an improved quality of life.

1.1 A plan to create jobs and drive economic growth across Queensland's regions

A range of economic, social, demographic and environmental factors continue to impact the global economy, including: technological advancements; growth of knowledge-based industries; demographic change including ageing of the population; increased environmental concerns, including the impacts of severe weather events; and instability and uncertainty in global markets.

In the face of this changing global landscape, Queensland's businesses, industries, communities and regions continue to grow and adapt as the State continues to successfully transition to a more resilient, diversified economy.

To continue the State's growth and create jobs into the future, the Queensland Government understands the need to diversify the economy to meet the changing needs of the global economy and equip people with the skills they need.

The Queensland Government's economic plan (see Figure 1.1 below), including the key initiatives outlined in the 2019-20 Budget, will continue to create secure, well-paid jobs and drive sustainable economic growth, including the ongoing growth of the State's regional economies, through an enhanced focus on four key objectives:

- Supporting businesses and business-led growth – to attract more businesses and private sector activity, and embed new technologies to meet changing consumer and investor needs
- Delivering sustainable investment in productive infrastructure and essential services – to improve our wellbeing and lower the transaction costs of doing business

- Fostering the next wave of innovation and investing in ideas – to modernise our businesses and create the next wave of businesses engaging in new markets
- Investing in skills and training for current and future generations of Queenslanders - to boost employment and incomes.

Figure 1.1 Backing Queensland Jobs



1.1.1 Creating secure, well paid jobs

Since January 2015, the Queensland Government’s priority has been creating jobs and improving labour market outcomes across all regions of Queensland, including for the State’s young people and disadvantaged jobseekers.

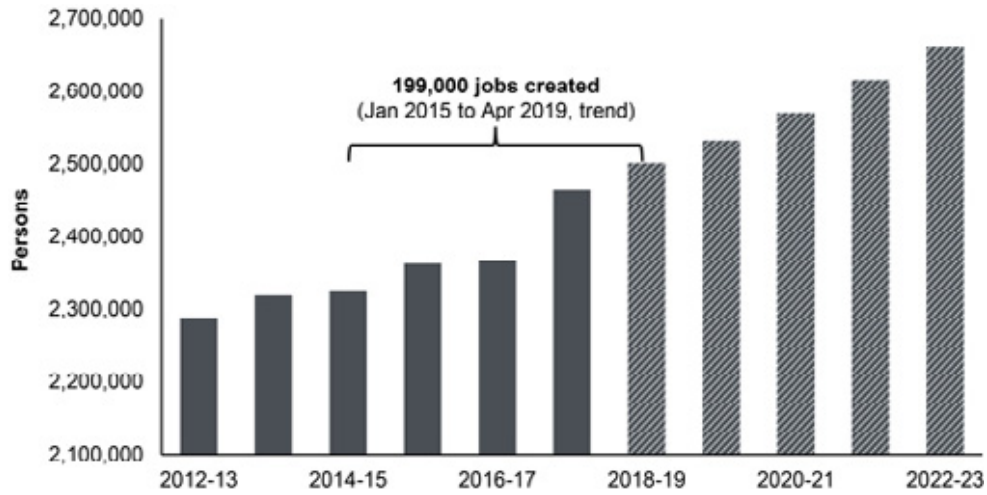
Over this period, 199,000 new jobs have been created across the State in trend terms, while the State’s unemployment rate has improved, from 6.6% in January 2015 to 5.9% in April 2019. This is despite a slowdown in the national economy which has seen annual GDP growth slow to only 1.8% (seasonally adjusted) in the year to March quarter 2019 and prompted the Reserve Bank of Australia to cut the cash rate for the first time in almost three years.

Importantly, labour market conditions in many key regions have strengthened over recent years. As highlighted in Chapter 2, Chart 2.5, the gap between unemployment rates in regional Queensland and South East Queensland has narrowed significantly over the last two years.

In line with the Government’s focus on creating jobs for the future, youth employment has also grown steadily over recent years, with 17,900 youth jobs created and the State’s youth unemployment rate falling by 1.5 percentage points since January 2015.

Building on the Government’s strong track record of job creation, ongoing solid jobs growth in Queensland is forecast over the four years to 2022-23 (see Chart 1.1 below).

Chart 1.1 Total employment, Queensland¹



Note:

1. 2018-19 to 2020-21 are forecasts; 2021-22 and 2022-23 are projections. Bars are in year average terms. Trend jobs growth and forecast jobs are not directly comparable. Jobs created reflects net additional jobs.

Sources: ABS 6202.0 and Queensland Treasury.

Key Palaszczuk Government initiatives are directly assisting Queenslanders secure well paid jobs. For example, the Jobs and Regional Growth Fund and Advance Queensland Industry Attraction Fund, which has successfully attracted the multimillion-dollar Qantas pilot training academy to Toowoomba, are attracting and supporting businesses and projects that are creating ongoing jobs across the State, including in our regional economies.

To maintain this momentum, the 2019-20 Budget includes a suite of new initiatives and increased funding to support business growth and create additional job opportunities, as well as investing in the skills and training needed to ensure jobseekers can capitalise on those opportunities.

Queensland’s small, medium and growing businesses across all regions will benefit from the \$885 million payroll tax package, making it easier for businesses to grow, invest and employ more Queenslanders.

The \$49.5 billion capital works program over four years outlined in the Budget will directly support many tens of thousands of private sector jobs across the State. The \$12.9 billion capital works program in 2019-20 alone is estimated to directly support 40,500 jobs, with 25,500 of these jobs in regions outside the Greater Brisbane area.

The Queensland Government's *Our Future State: Advancing Queensland Priorities*, identified *Creating jobs in a strong economy* as one of its six priorities and highlighted the importance of supporting jobs across the State through key Budget initiatives.

1.1.2 Driving sustainable economic growth

Sustainable economic growth is essential to increase and maintain secure long-term employment opportunities, thereby increasing prosperity, incomes and living standards.

Aligned with the State's strong jobs growth since 2015 and the Government's ongoing focus on supporting growth across all sectors and regions, the State's economy grew by 2.7% per year on average over the four years to 2018. This is stronger than the 2.6% per annum growth in the rest of Australia over the same period.

Queensland's strong economic performance has been underpinned by a range of factors, including the State's trade sector, with the value of the State's overseas merchandise and services exports growing strongly and reaching record levels.

Box 1.1 Queensland exports at record levels

The value of Queensland's total overseas goods and services exports exceeded \$100 billion in 2018, with the value of both overseas goods and overseas services exports reaching record levels over the last year.

Queensland exported a record \$85.2 billion worth of goods overseas in the 12 months to April 2019, a rise of \$12 billion over the previous 12 months. This increase was driven primarily by higher prices and increased volumes of LNG and hard coking (metallurgical) coal exports.

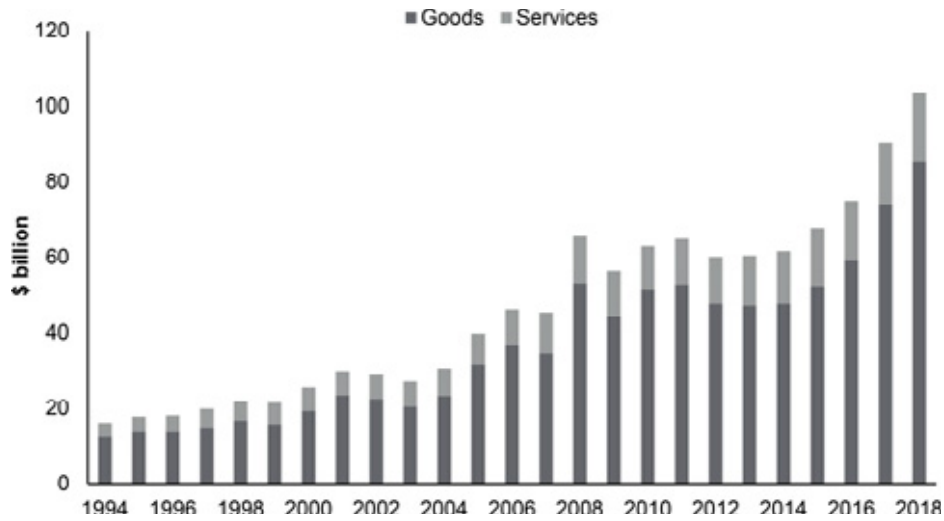
This was the 13th consecutive record breaking month for annual Queensland exports and was more than the value of goods exported overseas from New South Wales and Victoria combined over the same period.

Further, Queensland's key services exports such as tourism, education and business services, also continue to grow, with the latest Queensland State Accounts showing the value of overseas services exports totalled a record \$18.5 billion in 2018.

Driven by key regionally-important industries including mining, agriculture and manufacturing, around 80 per cent of Queensland's goods exports are shipped from the State's regional ports.

The exceptional performance of Queensland's goods and services exports over recent years is highlighted in Chart 1.2 below.

Chart 1.2 Overseas exports, Queensland, nominal



Source: Queensland Treasury (Queensland State Accounts).

In order to maintain this momentum and continue to drive sustainable growth across all regions, a key element of the Government’s focus is to optimise the use of Queensland’s natural resources.

By building on existing strengths and unlocking new opportunities, the resources sector will continue to deliver economic and social benefits for present and future generations, as well as supporting thousands of regional jobs.

The sustainable use and protection of the State’s natural environment is also critical to support ongoing growth in other key regional industries such as tourism. In 2018, the Tropical North Queensland and the Whitsundays regions alone attracted around 3.6 million international and domestic overnight visitors, injecting over \$4.4 billion into the State’s economy. This is helping support around 53,000 tourism jobs more broadly across regional Queensland.

Importantly, the Government has implemented a number of key measures to protect the State’s world-renowned natural environment, including Queensland’s land, vegetation, waterways and the iconic Great Barrier Reef. The sustainability of our environment will deliver benefits for Queenslanders and the entire global community, as well as attracting millions of tourists from around the globe and generating tourism-related jobs for decades and generations to come.

Another key focus of the Government’s approach to driving sustainable economic growth is through the ongoing investment in its comprehensive waste management strategy, which will be instrumental in discouraging the disposal of waste to landfill, while generating investment in job-creating reuse, recycling, bioproducts and waste-to-energy industries.

Given the vital contribution of regional areas to Queensland's overall economic growth and the ongoing diversification of the State's economy, it is critical that sustainable growth is fostered and supported across all regions, as well as across key existing industries and emerging sectors. This will increasingly be necessary to build greater resilience in our industries, businesses and regions in the face of the headwinds, like more frequent natural disasters caused by climate change, and opportunities presented by new markets.

The 2019-20 Budget continues to build additional productive capacity through strategic infrastructure investment and a broad range of initiatives that will support sustainable business-led growth and investment across all sectors and regions of the State.

1.1.3 Supporting the ongoing growth of our regions

Regions outside of South East Queensland account for approximately one-third of the State's total economic output and are home to around 28% of the State's growing population.

More than 640,000 Queenslanders are employed in regional Queensland, including almost 70% of all agricultural jobs and two-thirds of all mining jobs across the State.

However, Queensland's regional economies have also transitioned over time to become increasingly diverse, with health care and social assistance (83,400), retail trade (67,400), education and training (59,000), and construction (48,700) the largest employing industries outside of South East Queensland as of March quarter 2019.

Queensland's industry structure varies significantly across regions, with key industries such as resources and agriculture, including the billions of dollars of exports they produce, comprising a much larger share of economic activity in regional areas than in South East Queensland.

Mining and agriculture combined comprised almost 40% of total gross regional product (that is, economic output) in regional Queensland in 2016-17, compared with less than 2% of economic activity in South East Queensland (see Chart 1.3 below).

Further, around 80% of Queensland's goods exports were shipped from the State's regional ports in 2017-18, highlighting the substantial contribution of our regions to the State's flourishing trade sector.

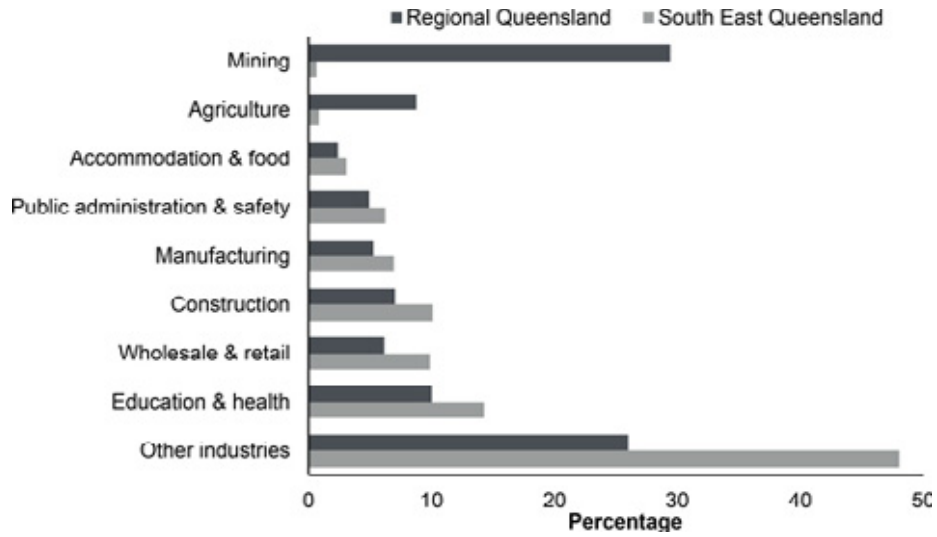
In the year to April 2019, Queensland exported \$37.4 billion of metallurgical coal, \$15.2 billion of LNG, \$10.6 billion of minerals and metals, \$9.9 billion of agricultural products, \$7.4 billion of thermal coal, and \$4.7 billion of other merchandise exports, including manufactured goods.

Additionally, total tourism expenditure in regional Queensland was worth \$9.2 billion in 2018, accounting for 38% of the total tourism expenditure in Queensland.

The Queensland Government clearly recognises the critical role the State's regional economies play in driving sustainable growth, increasing prosperity, building resilience in the face of a changing global landscape and, most importantly, supporting ongoing growth in secure, highly skilled and well-paid jobs.

Central to the Government's economic plan is providing all Queenslanders with incentives and transformative infrastructure, including improved connectivity of all communities, and the provision of essential services to communities across all areas of the State.

Chart 1.3 Industry structure, Regional Queensland and South East Queensland¹



Note:

1. Regional Queensland is defined as the summation of the following Statistical Area Level 4 (SA4) areas: Cairns, Darling Downs - Maranoa, Central Queensland, Mackay - Isaac - Whitsunday, Queensland - Outback, Townsville, and Wide Bay. South East Queensland comprises all remaining Queensland SA4s.

Source: Queensland Treasury, 2016-17 estimates.

Box 1.2 Building stronger regional economies

The Queensland Government continues its commitment to building stronger regional economies by investing in transformative infrastructure, encouraging industry development, investment, innovation, and creating secure and well paid regional jobs.

Some of the key existing and new initiatives supported in the 2019-20 State Budget include:

Investing in transformative regional infrastructure

Capital works – 60 per cent of the \$12.9 billion capital works program in 2019-20 will be delivered in regions outside of the Greater Brisbane area, directly supporting 25,500 jobs in 2019-20.

Building our Regions – The 2019-20 Budget commits an additional \$70 million to Building our Regions, bringing total funding for the program to \$515 million, to support infrastructure projects that meet specific community needs and support enduring economic outcomes and job creation in regions.

Works for Queensland – This \$600 million program, which commenced in 2016-17, supports regional councils to undertake job-creating maintenance and infrastructure projects.

Regional tourism infrastructure – Includes transformative projects such as the \$193.5 million Townsville Port channel capacity upgrade; a total of \$41.4 million to develop the Wangetti Trail ecotourism walk from Palm Cove north to Port Douglas; and \$25 million to help industry rejuvenate the Great Barrier Reef Island resorts.

FibreCo Qld – Additional funding of \$8.6 million over two years is provided to potentially make high speed and low cost internet available to regional Queensland. FibreCo Qld will utilise the existing Government infrastructure by unlocking spare capacity in government-owned fibre networks.

Other telecommunications infrastructure – Including additional funding of \$26.9 million over two years from 2018-19 to upgrade the Queensland Fire and Emergency Services regional radio networks and equipment; \$15 million through the Jobs and Regional Growth Fund to support the Sunshine Coast Council in delivering the Sunshine Coast International Broadband Submarine Cable network project; and a \$3.4 million investment in South West Queensland Connectivity projects funded through the Building our Regions program to provide high-speed, reliable internet networks to communities in Balonne, Murweh, Bulloo, Paroo and Maranoa.

Supporting industry development, investment and innovation

North West Minerals Province – Building on the \$39 million existing commitment, the 2019-20 Budget invests a further \$110 million over four years from 2019-20 to provide further support for this important mining region.

Hydrogen Strategy – Additional funding of \$19 million is provided to establish an agenda for renewable hydrogen industry attraction and incentivisation to drive job creation, regional growth, and increased innovation and development. Gladstone will be a focus point for hydrogen development, drawing on the skills and talents of the regions, particularly those involved in the LNG industry.

Jobs and Regional Growth Fund – Now totalling \$175 million after an increased commitment of \$25 million in the 2019-20 Budget, the fund assists businesses and projects that will generate ongoing economic development and employment opportunities in regional Queensland.

Great Barrier Reef – The 2019-20 Budget continues to support the Palaszczuk Government’s delivery of various commitments as part of the record \$330 million, five-year allocation to protect the Great Barrier Reef, including measures to protect and maintain marine and island ecosystems and improve water quality and reduce nutrient runoff.

Natural Disaster Recovery – The Queensland Government has secured Australian Government matching funding for \$254 million in extraordinary assistance under the jointly-funded Disaster Recovery Funding Arrangements. This includes a \$242 million disaster funding package following the North and Far North Queensland Monsoon Trough; and \$12 million to respond to the Central Queensland Bushfires. Preliminary estimates indicate the cost of recovery efforts related to the event is \$1.3 billion over the forward estimates.

Drought Assistance Package and Queensland Drought Reform – Up to \$74.6 million over four years is provided to support drought-affected regional communities.

Supporting small to medium regional businesses

Regional payroll tax discount – To support regional businesses and generate jobs, the Government is introducing, from 1 July 2019, a 1 per cent discount on the relevant payroll tax rate for businesses who have more than 85 per cent of their employees outside South East Queensland. Also available to regional business is the increase in the threshold to \$1.3 million, training and apprentice rebate, and the new employee rebate.

Back to Work – \$305 million regional component to give regional employers the confidence they need to take on eligible workers.

Under the Palaszczuk Government, more than \$36 billion has been budgeted to fund capital projects in regions outside of Greater Brisbane over the five years to 2019-20. This equates to an average annual per capita spend of around \$2,500 per person in regions outside of Greater Brisbane, compared with \$1,900 per person in Greater Brisbane over this period.

Reducing the cost of living for people living in regional areas is another critical element of the Government’s economic plan. Under the Uniform Tariff Policy, the 2019-20 Budget allocates \$498 million to offset energy costs and ensure electricity prices in regional Queensland do not exceed prices in South East Queensland. The Budget also provides an additional \$14.3 million over two years to continue the Local Fare Scheme, subsidising the costs of airfares for residents of regional and remote Queensland travelling to neighbouring communities.

The 2019-20 Budget also provides record funding for the provision of essential services and additional support for the State’s most vulnerable and disadvantaged. This funding will support safer, healthier communities across all regions of the State, including in rural and remote Aboriginal and Torres Strait Islander communities.

1.2 Backing Queensland Jobs – key focus areas of the economic plan

Building on the successful strategies, initiatives and investment announced in the Government’s four previous Budgets, the economic plan and 2019-20 Budget will continue to create secure, well-paid jobs and drive sustainable economic growth, including the ongoing growth of strong regional economies.

1.2.1 Supporting business and business-led growth

A strong and competitive private sector, aligned with Queensland’s economic strengths and comparative advantages, is critical to drive sustainable economic and jobs growth.

Business is the growth engine of the Queensland economy, with the private sector accounting for around 84% of total employment and around 76% of total economic activity.

The private sector also produces the vast majority of Queensland’s merchandise and services exports. Therefore, the ongoing growth of Queensland businesses is critical to create and support employment in the trade sector, which is estimated to directly support one in every five jobs in Queensland.

Small and medium sized businesses (SMEs) are key contributors to private sector growth and employment across all regions of the State, with SMEs accounting for around 99% of total employing businesses and providing more than two thirds of all jobs in Queensland.

Small businesses account for 94% of total employing businesses in Queensland and are estimated to make up around 44% of total private sector employment in Queensland.

Building on Queensland’s reputation as one of the most competitive tax destinations in Australia for businesses to locate and expand, the 2019-20 Budget outlines a \$885 million payroll tax package that provides targeted incentives for businesses across the State, particularly small, medium and growing businesses in regional areas, to invest, expand and create jobs.

Key elements of the package to be implemented in 2019-20 include: raising the payroll tax exemption threshold to \$1.3 million, a 1% discount on the relevant payroll tax rate for businesses who have more than 85% of their employees outside South East Queensland, and a rebate of the payroll tax on additional employees that businesses can demonstrate they have employed over and above their level of full time employees from 1 July 2019 until 30 June 2021.

The Government is also extending the successful 50% payroll tax rebate on the exempt wages of apprentices and trainees until 30 June 2021. Since the introduction of the rebate in 2015-16, over 5,300 businesses have claimed a total of \$76 million in rebates.

Further, the Budget provides increased funding of up to \$14 million for the flagship Back to Work program, bringing the total program to \$383 million, to ensure businesses in both regional Queensland and targeted areas of South East Queensland have the confidence to take on an eligible new employee. Since its inception in 2016-17, the Back to Work program has supported over 9,200 businesses to employ more than 19,000 persons.

The Back to Work program also predominantly benefits small businesses, with 77% of total firms accessing payments through the initiative employing less than 20 employees.

The 2019-20 Budget includes an additional \$70 million in funding to boost the Government's key business attraction and investment programs, comprising an additional \$45 million for the \$150 million Advance Queensland Industry Attraction Fund and an extra \$25 million for the \$175 million Jobs and Regional Growth Fund. This funding boost will continue to encourage businesses to establish and expand in Queensland, thereby boosting investment and creating new job opportunities across Queensland and its regions.

To support businesses in the tourism industry, the Budget allocates an additional \$48 million to Tourism and Events Queensland and \$17 million to create Indigenous jobs and business growth through Indigenous tourism development, Global Tourism Hubs and Ecotourism Trails. The Budget also allocates increased funding of \$35.7 million for the Production Attraction Strategy to support the growth of the State's world-renowned film and television industry and create job opportunities in this growth sector.

The Budget also builds on the existing Advancing Small Business Queensland Strategy 2016-2020 by committing an additional \$4 million in grant funding, bringing the total commitment under the Strategy to \$26.2 million.

In addition to this Strategy, the Government continues to reduce the cost of doing business through ongoing implementation of regulatory reform initiatives which should support growth and jobs over the coming years.

1.2.2 Sustainable investment in infrastructure and essential services

The Government recognises that investment in productive infrastructure and essential services is critical for keeping pace with global changes, and for unlocking economic and employment opportunities now and into the future. Well-targeted sustainable public investment acts as a catalyst for driving private sector investment and economic growth, as well as ensuring safe, healthy and thriving communities.

The Government's investment in transport, schools, roads, hospitals, technology and other vital infrastructure will position the Queensland economy for the future, while ensuring current and future generations of Queenslanders continue to have access to world-class health and education services.

Budget Strategy and Outlook 2019-20

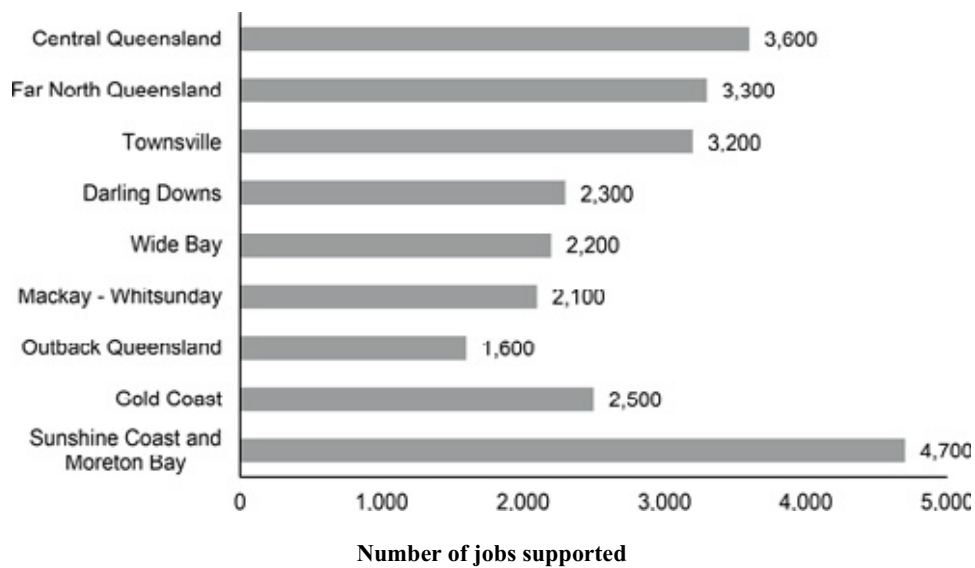
In 2019-20, the Government will deliver a \$5.6 billion investment in transformative transport infrastructure. To further help enhance the productive capacity of the State's businesses, industries, communities and regions, the energy and water portfolios will invest \$2.7 billion in infrastructure in 2019-20 to support the ongoing delivery of safe, secure, reliable and cost-effective energy and water across the State.

Capital expenditure across the health portfolio is \$777.7 million in 2019-20, including \$78.6 million as part of the Enhancing Regional Hospitals program and \$40.7 million as part of the Rural and Regional Infrastructure package. Additionally, the Government's *Building Better Hospitals* program includes projects at three major south-east Queensland hospitals with a combined value of \$956.9 million including the redevelopment of the Caboolture Hospital, expansion of the Logan Hospital and maternity ward and staged redevelopment of the Ipswich Hospital.

The education portfolio's capital expenditure totals \$1.2 billion in 2019-20. This Budget includes increased funding of \$532.6 million over seven years from 2018-19 to expand the Building Future Schools Fund to a total of \$1.3 billion to deliver world class learning environments for children, including new primary, secondary and special schools opening in 2020 and 2021.

In total, the 2019-20 Budget invests more than \$49.5 billion in productivity-enhancing infrastructure projects, with the Government's capital works program expected to directly support 40,500 jobs in 2019-20. Importantly, 25,500 of these jobs are in regions outside of the Greater Brisbane area (see Chart 1.4 below).

Chart 1.4 Jobs supported by capital works outside Greater Brisbane, 2019-20



Source: Queensland Treasury.

To ensure all Queenslanders have access to world-class essential services, the Government continues to maintain record spending on delivery of health and education and training services, as well as a substantial investment in keeping our communities safe, protecting our environment for the future, supporting our Aboriginal and Torres Strait Islander communities and lowering the cost of living for all Queenslanders.

The 2019-20 Budget allocates a record \$18.5 billion for the provision of health services and \$14.9 billion for education and training services in 2019-20. In addition, a further \$847.9 million over five years is allocated for both capital investments and service provision in the justice system to keep Queensland's communities safe.

This investment will not only ensure access to critical health and education services in the short term, but will enable all Queenslanders to increase their economic participation and improve their potential to earn higher incomes.

The Queensland Government is also taking strong action to put further downward pressure on electricity prices and secure Queensland's clean energy supply. Ensuring reliable and affordable energy is critical to supporting the competitiveness of Queensland's industries and businesses, and households' economic welfare. The Government's Queensland Renewable Energy Target (QRET) and focus on sustainable and reliable energy can also attract investment funds and new businesses, drive exports, and create new jobs into the future.

Ongoing funding flowing through to Queensland households and businesses as part of the \$1.16 billion Powering Queensland Plan and the broader \$2 billion Affordable Energy Plan will ensure Queenslanders have access to affordable, secure and sustainable energy.

Further, the Government has recently established a new clean energy government-owned corporation, CleanCo, which will put ongoing downward pressure on electricity prices and help grow investment and jobs in the renewable energy sector. The Government will also invest an additional \$250 million over 2019-20 and 2020-21 to progress the development of new public renewable energy generation assets.

The 2019-20 capital program includes a \$930.7 million investment in Townsville, contributing to the delivery of a number of significant productive enhancing and job creating infrastructure projects in the region over the coming years, including:

- \$225 million Townsville water security project to address long-term water security needs
- \$193.5 million Stage 1 of Townsville Port Expansion Project, to upgrade capacity of the Townsville Channel to allow access by larger vessels and boost trade at the Port of Townsville
- completion of the \$290 million North Queensland Stadium, a 25,000-seat stadium in Townsville, in time for the 2020 National Rugby League Premiership Season
- \$31.9 million Townsville (Pimlico) TAFE project to refurbish and expand training facilities
- \$25 million to help industry rejuvenate the Great Barrier Reef Island resorts and offer world-class experiences to visitors
- \$7.3 million in 2019-20 out of a \$45.4 million total spend to rehabilitate and widen various sections of the Gregory Development Road for freight and productivity gains

- \$6.7 million in 2019-20 out of a \$44.4 million total spend to complete construction of the new North Shore State primary school.

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 \$1.599 billion in capital grants in 2019-20.

This includes an additional \$70 million over four years for Building our Regions, bringing the total investment in Building our Regions to \$515 million, and ongoing funding across all regional councils through the existing \$600 million Works for Queensland program.

The Government also remains committed to rebuilding regional communities impacted by the North Queensland floods and other recent natural disasters. Key elements of the Government's investment focused on improving existing infrastructure to improve the resilience of the State's communities include (in conjunction with the Australian Government):

- a \$242 million disaster funding package following the North and Far North Queensland Monsoon Trough
- ongoing funding as part of the Queensland Government's \$110 million commitment for extraordinary recovery and reconstruction projects following Severe Tropical Cyclone Debbie
- supporting drought-affected communities through continuation of the Drought Assistance Package by providing up to \$74.6 million over four years.

1.2.3 Supporting the next wave of innovation

As a key driver of increased productivity and enhanced business competitiveness, innovation is at the forefront of driving economic growth and the creation of new high value-added industries and jobs. A highly innovative economy will strongly position the State to most effectively address some of the challenges faced by Queenslanders both today and into the future and improve overall living standards for all Queenslanders.

Technological advancements continue to transform existing business models and create new opportunities for Queensland businesses. Meanwhile, markets for the State's exports are evolving, both internationally on the back of growing prosperity in Asia, and domestically as consumers increasingly demand new and more tailored products.

In the face of this changing global landscape, the Government is supporting businesses throughout the State to develop and adopt innovative approaches and seize new opportunities.

Advance Queensland, the Queensland Government's \$755 million flagship innovation program, continues to play a key role throughout the State in unlocking new opportunities to sustain and grow traditional industries while also helping to shape the development of emerging industries by fostering and supporting innovative ideas, research and technologies.

Building on this success and to drive the next wave of innovation, the Government will be releasing a new innovation strategy, *Building Our Innovation Economy*, later this year.

Supporting the development of this new strategy, the 2019-20 Budget contains numerous measures that will promote innovation activity throughout the State now and into the future.

In addition to the wide range of innovation-related opportunities from ongoing funding through the Advance Queensland initiative, the Budget also provides funding of \$25 million over four years to the Queensland Government Research Infrastructure Co-Investment Fund to support high-quality collaborative research and innovation in the State's research sector.

Further, the 2019-20 Budget commits \$19 million to develop the Queensland Hydrogen Industry Attraction and Development Strategy to build Queensland's capacity in producing this important renewable fuel that is increasingly in-demand globally.

Additionally, \$14 million has been allocated to support the Defence Cooperative Research Centre to develop drone and robotics technology for the Defence Force.

The Government is also contributing \$9 million towards Queensland hosting the World Science Festival for a further two years, offering collaboration and networking opportunities for industry and boosting the State's reputation as a world leader in science, technology and innovation.

These initiatives are aimed at ensuring traditional, emerging and new industries have the best possible chance to establish, grow and thrive in Queensland.

To support Queensland manufacturers to become more advanced and internationally competitive by adopting innovative processes and technologies, the 2019-20 Budget boosts the successful Made in Queensland program by allocating an additional \$6 million over two years, taking the total value of the program to \$46 million.

1.2.4 Investing in skills and training for current and future generations of Queenslanders

The world of work is always changing. Over recent decades, the global, national and Queensland labour markets have been transformed by forces such as increasing global integration, rapid improvements in information and communication technology, and significant social and demographic changes.

In response to this change, Queensland's workers, businesses and industries have developed, adopted and embraced the new skills needed to operate more productively in both emerging and established occupations and industries.

In the years ahead, the State's labour market and workplaces will continue to evolve as the Queensland economy adapts and transitions to a more diversified economy, in the face of factors such as increased automation and the continuing growth of Asia.

Box 1.3 Queensland's growing skills base

There is a global consensus among economists, academics and education specialists that a strong policy focus on education and training, and the resulting flexibility, adaptability and resilience it builds into the workforce, is essential to promote sustainable economic growth and increase productivity.

Just as importantly, ongoing skills development is critical to enable all Queenslanders to access and capitalise on employment opportunities, achieve higher incomes and improve their quality of life.

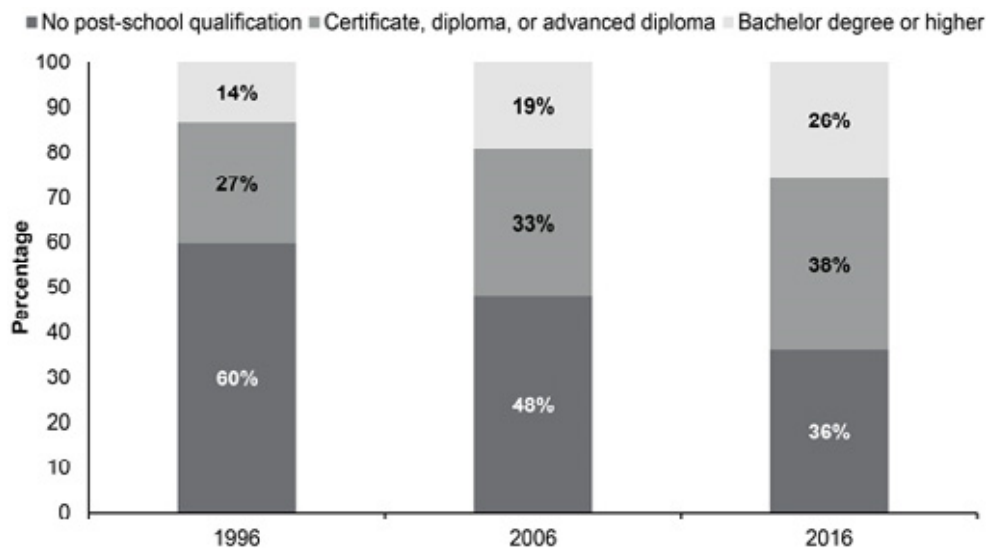
The benefits of education and training to individuals are clear. In 2015, in terms of average weekly personal income, Australian full-time workers with either one or two non-school qualifications respectively earned \$372 and \$667 more than full-time workers without non-school qualifications.¹

There is also a recognition that a lifelong approach to education and training is critical. Where a single qualification may once have set up a person for a 'job for life' in a single industry, it is now becoming more common for individuals to have multiple jobs in multiple industries over their careers. This is amplified by the fact that people are generally working longer - the average age of retirement for recent retirees increased from 60 in 2005 to 62.9 in 2017.²

Over the past 20 years, the proportion of employed persons in Queensland who hold a post-school qualification has risen noticeably. In 1996, around 60 per cent of persons employed in the State did not hold a post-school qualification, with this proportion declining to less than half (48 per cent) in 2006 and lowering even further to just over one-third (36%) by 2016.

Over this same period, the proportion of persons holding a university-based qualification has risen from 14 per cent in 1996 to over one-quarter of all employed persons in Queensland by 2016. Meanwhile, the proportion of employed persons with a TAFE-based qualification increased from 27 per cent in 1996 to 38 per cent in 2016 (see Chart 1.5 below).

Chart 1.5 Proportion of employed persons by level of educational attainment, Queensland



Source: ABS Census of Population and Housing (1996, 2006, and 2016).

Notes:

1. ABS 4235.0 - Qualifications and Work, Australia, 2015
2. ABS 6238.0 - Retirement and Retirement Intentions, Various

This analysis helps illustrate the evolving skills base of the Queensland workforce over the past two decades, reflecting ongoing economic diversification and the range of different job opportunities across both traditional and emerging industries that have arisen during this period.

The Queensland Government is committed to giving Queenslanders of all backgrounds and ages the education, training and skills development opportunities they need to take part in the future economy. Reflecting the need for lifelong learning, the Queensland Government is investing in skills and training across all life stages, from early education to adulthood.

Improving the wellbeing of children prior to school is a key priority for the Government. The 2019-20 Budget includes several initiatives to support pre-school education and learning, including increased funding of \$63.6 million over four years and \$18.7 million ongoing to continue the provision of Early Childhood Development Programs, as well as \$30.4 million over two years to support the continued provision of universal access to kindergarten for children in the year before school.

The Government is providing increased funding of approximately \$1.4 billion over calendar years 2019 to 2023 for Queensland state schools, as part of the five-year school funding agreement reached with the Australian Government in December 2018.

The Government is continuing to deliver Free TAFE to help Year 12 graduates gain the training they need to develop skills in growing industry areas by covering the full cost of training in one of 160 high priority qualifications to ensure they get the skills to start their career.

Since the Free TAFE initiative launched in August 2018, more than 6,000 students have started a new qualification, subject or module as part of their vocational education.

Further, significant commitments are made in the 2019-20 Budget to improve Queensland's state schools, including \$532.6 million over seven years to expand the Building Future Schools Fund and \$251.3 million over three years for additional facilities at existing state schools experiencing enrolment growth. The Budget also allocates increased funding of \$100 million to address air conditioning needs to give Queensland students the best possible learning environment.

The 2019-20 Budget builds on the Government's substantial existing investment in training and skills, through innovative initiatives such as the Micro-Credentialing Pilot and a Higher Level Apprenticeship Pilot to provide modern and flexible pathways to address current, emerging and future skills needs.

To help Queenslanders at all stages of life and from disadvantaged backgrounds access employment and training opportunities, the Queensland Government provides a higher level of subsidy to concessional students studying VET qualifications. Further targeted support is provided to disadvantaged groups, including mature-age jobseekers, through the \$420 million Skilling Queenslanders for Work initiative to help them re-enter and stay in the workforce.

In addition to substantial investments in skills and training, the Queensland Government is implementing a suite of initiatives to better connect Queenslanders with employment, education and training opportunities, particularly for the State's young people.

Initiatives funded in this Budget include:

- a \$4.6 million Digital Engagement Strategy to help re-engage at-risk youth back into school and training
- the \$9.6 million Link & Launch initiative to help disengaged year 12 leavers engage in education, training or employment
- a \$11.2 million expansion of the Regional Youth Engagement Hubs program to locate, case manage and re-engage early school leavers back into school and training
- \$16.6 million for FlexiSpaces to support schools to provide innovative learning spaces, as an alternative to traditional learning spaces to retain students who are at risk of disengagement and early leaving by providing wrap around support.

In preparing workers for the jobs of the future, a key focus will be the ongoing development of skills which cut across all industries and sectors, such as digital and commercial literacy, problem solving, communication, and entrepreneurial skills. These broad, cross-cutting skills complement field-specific expertise, and will be critical in helping workers to navigate job changes over time. In line with this, the next phase of the Advance Queensland agenda includes New Skills and New Jobs as one of its five priorities.

Going forward, the Queensland Government's focus on skills will also be bolstered by a new Skills Strategy, informed by the Skills and Industry Summit held in late 2018, and will continue to be guided by the strategic advice of Jobs Queensland on future skills and workforces.

2 Economic performance and outlook

Features

- A range of global, national and local factors are expected to see Queensland's Gross State Product (GSP) growth ease to an estimated 2¾% in 2018-19.
- Global economic conditions have deteriorated substantially since early 2018, with a slowdown in China's domestic economy, escalation of trade tensions between the United States (US) and China, and uncertainty surrounding Brexit resulting in a slowing of global growth in late 2018. These trends have intensified in early 2019.
- Nationally, the weaker global outlook and sharper than expected slowdown in housing have led to an easing in economic growth. As a result, the Reserve Bank of Australia (RBA) has downgraded forecasts for national growth and cut the cash rate to 1.25%.
- The easing in Queensland's economic growth in 2018-19 also reflects the impact of the North Queensland floods, with losses in economic output estimated to be around ¼ percentage point of GSP, spread across 2018-19 and 2019-20.
- The ongoing decline in dwelling investment and the flow-on impacts to consumption, as well as a moderation in business investment, have constrained growth in the domestic economy. However, the commencement of new metal mines and continued strong growth in education exports are expected to drive faster growth in overseas exports in 2018-19.
- Queensland's economic growth is forecast to strengthen to 3% in 2019-20, underpinned by a modest pick-up in domestic activity as business investment improves, as well as some recovery in regions and sectors impacted by the floods.
- Compared with both Australian Treasury and RBA forecasts, 2019-20 is expected to be the third consecutive year where Queensland growth outstrips national economic growth.
- As reflected in revenue forecasts, the softer global and national outlook, sharper than expected slowdown in housing and moderation in employment growth are expected to impact growth in key government revenues, including GST, transfer duty and payroll tax.
- From 2020-21 onwards, economic growth is expected to remain solid, at around 2¾% per annum, with a more balanced contribution from all major components across the economy.
- Strong GSP growth in 2017-18 saw employment growth of 4.1%, the strongest in more than a decade and the largest rise (97,700 persons) in any year in the State's history.
- However, in line with more subdued domestic activity, employment growth is expected to return to more sustainable rates of 1½% in 2018-19 and 1¼% in 2019-20.
- Similar to recent years, variations in employment growth are expected to be mostly absorbed by changes in participation, seeing the unemployment rate stabilise around 6%.
- Beyond 2019-20, as domestic activity strengthens, labour market conditions are set to improve modestly, with a strengthening of jobs growth and the unemployment rate edging lower to 5¾% by the end of the projection period.

2.1 International conditions

Following a strengthening in 2017, global growth remained robust for most of the first half of 2018. At the time, the International Monetary Fund (IMF) maintained a positive outlook for the international economy. In the second half of 2018, an escalation of US-China trade tensions, a slowdown in China's domestic economy and the uncertainty related to Brexit led to a downgrade to global growth forecasts and the outlook for industrial production in several key economies.

As of April 2019, the IMF had subsequently downgraded growth forecasts for 2019 (by 0.4 percentage point) and 2020 (by 0.1 percentage point) compared with their October 2018 outlook.

Growth in industrial production among Queensland's major trading partners, which drives their demand for Queensland's energy and mineral products, weakened over the course of 2018 and growth is expected to remain moderate in coming years (Table 2.1).

Table 2.1 Queensland's major trading partners' industrial production outlook¹

	Actual		Forecasts				
	2017	2018	2019	2020	2021	2022	2023
Major trading partners²	4.3	3.3	2.9	3.3	3.2	3.4	3.4
China	6.5	6.2	5.8	5.6	5.1	5.1	5.0
Japan	2.9	1.0	-0.1	0.6	0.7	0.8	1.1
India ³	4.4	3.6	5.7	5.7	5.8	6.3	5.8
Korea	2.5	1.3	0.6	1.6	1.8	2.1	2.2
Eurozone	2.9	0.9	0.3	1.4	1.0	1.5	1.4
Taiwan ⁴	5.3	3.9	1.1	3.2	2.9	2.9	2.7
USA	2.3	3.9	2.0	1.4	1.6	1.8	1.9

Notes:

1. Annual percentage change. 2017 and 2018 are actuals; 2019 onwards are forecasts.
2. Major trading partners include China, Japan, India, South Korea, Eurozone, Taiwan, USA, UK and NZ.
3. India's growth profile is based on an April to March fiscal year. '2017' refers to 2017-18 fiscal year.
4. Manufacturing production.

Sources: April and May 2019 Consensus Forecasts and Queensland Treasury.

China's gross domestic product (GDP) growth slowed from 6.8% in 2017 to 6.6% in 2018 and is expected to moderate further in 2019. Faced with the challenges of slowing domestic demand, US-China trade tensions and the substantial accumulation of private sector debt, China's short-term economic outlook likely depends on the effectiveness of the Chinese Government's stimulatory measures.

More broadly, trade tensions between the US and China have remained a key source of uncertainty and contributed to the softer global economic outlook. With tensions escalating in May 2019, the negative impact on industrial or manufacturing activity, particularly on the outlook for industrialised economies in Asia, is likely to be intensified during 2019.

Japan and, to a lesser degree, Korea have been particularly impacted by the increased uncertainty. Until late 2018, Japan's industrial production growth was expected to be around 2.2%-2.4% in 2019, but Japan is now forecast to record slightly negative growth in 2019.

Japan's weaker outlook may be compounded by the scheduled increase in the country's consumption tax (from 8% to 10%) as well as the peaking of Olympic Games' related construction activity. Korea's forecast industrial production growth in 2019 has also been downgraded, from around 2% to less than 1%. These downgrades have already been reflected in the slowing of coal imports into these two countries in early 2019.

In India, recent data indicate that the slowdown in industrial production is steeper than previously thought, suggesting Indian industrial production growth in 2019 may be weaker than suggested by the latest *Consensus Forecasts* (Table 2.1).

Brexit negotiations remain a key uncertainty in the United Kingdom (UK) and European Union (EU), weighing on business and consumer sentiment in recent times. The economic outlook for the UK and EU hinge largely on the outcome of these negotiations, due to be concluded before the 31 October 2019 Brexit deadline.

The impacts of the slowdown in industrial production on commodity prices have so far been uneven. While prices of industrial metals have declined over the year to mid-May 2019, supply issues have seen prices of hard coking coal and iron ore rise 15% and 38% respectively over the year. After falling from around US\$85/barrel (bbl) to almost US\$50/bbl in late 2018, Brent crude oil prices rebounded strongly in 2019, again due to supply and other geo-political factors.

Another significant effect of the slowdown in the global growth outlook has been the decline of long-term interest rates across many major economies, with yields on long-term government bonds falling substantially.

Industrialised economies in Asia have been the most affected by the trade tensions between China and the US. This is due to the stronger supply chain relationships between China and these economies, which has placed increased pressure on their exchange rates against the US\$. These impacts are expected to continue, or possibly intensify.

2.2 National conditions

Australian Treasury estimates Australian **real GDP** growth to be 2¼% in 2018-19, strengthening to 2¾% in 2019-20 and 2020-21, with most sectors expected to contribute to growth. Rising global and domestic challenges have seen the RBA downgrade its growth outlook markedly since late 2018, to 2¼% in 2018-19 and 2½% in 2019-20.

Recent ABS *National Accounts* data, which showed GDP growth of only 0.4% (seasonally adjusted) in March quarter 2019, confirmed this weakening national trend.

Household consumption growth is expected to be subdued in 2018-19 but pick up gradually over the forecast period, supported by strengthening wage growth and solid employment growth. However, uncertainty remains around the extent to which the national housing market downturn will influence overall household consumption.

Following solid gains over the past few years, growth in **dwelling investment** has moderated recently. Falling house prices, particularly in Sydney and Melbourne, tighter credit conditions and weakening investor sentiment are providing headwinds to the dwelling investment outlook. While a solid pipeline of work yet to be done in higher-density projects will support activity in 2018-19, dwelling investment is forecast to fall in 2019-20 and 2020-21 as existing projects are completed.

After a soft result in 2018-19, growth in **business investment** is forecast to be stronger in 2019-20 and 2020-21. Following an expected fall in 2018-19, mining investment is forecast to rise in 2019-20, as firms maintain large capital stocks and sustain production levels. Despite recent business surveys indicating a softening in business conditions, improving capital expenditure intentions suggest steady growth in non-mining investment over the forecast period.

Exports growth over the short-term continues to be supported by the ramp-up in national LNG production, a return to growth in rural exports, and continued steady growth in services exports. As construction of the remaining LNG projects in Western Australia and Northern Territory reach completion, capital imports are expected to ease and keep overall growth in **imports** modest.

Australian Treasury expects national **employment** growth to slow to 2% through the year to June quarter 2019 (down from 2.7% in 2018), and to broadly match population growth in the years to June quarter 2020 and 2021. With the participation rate to remain stable, the **unemployment rate** is expected to be steady at 5% over the forecast years.

Inflation is expected to gradually return to the mid-point of the RBA target band of 2-3%, with the pick-up in **wages** growth expected to be slightly faster as economic growth strengthens and spare capacity in the labour market continues to be reduced.

2.3 Queensland conditions and outlook

After stronger than expected growth of 3.5% in 2017-18, the combination of global, national and domestic factors impacting on economic activity is expected to see GSP growth in Queensland ease to 2¾% in 2018-19 (Chart 2.1).

Ongoing moderation in dwelling investment and the associated flow-on to consumption spending, as well as a moderation in business investment, have all contributed to this constrained growth in the domestic economy.

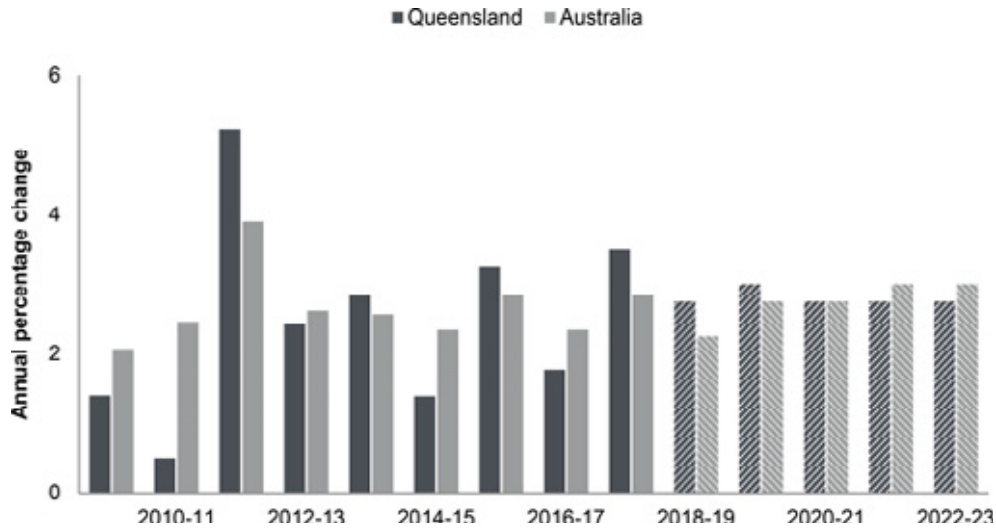
The moderation in Queensland's economic growth in 2018-19 also reflects the impact of the recent flooding event in North Queensland, which impacted many local communities. It is estimated the floods have resulted in economic losses (that is, reduced output, not including property damage) of around ¼ percentage point of GSP, spread across 2018-19 and 2019-20.

The state-wide impact of the event compares with estimated losses of around ¾ percentage point of GSP for Severe Tropical Cyclone (STC) Debbie and 2¼ percentage points for the 2010-11 Floods and STC Yasi. Despite the impact of the recent North Queensland floods on some export sectors, commencement of new metal mines and continued strong growth in education exports are expected to drive faster growth in total overseas exports in 2018-19.

Queensland’s economic growth is forecast to strengthen to 3% in 2019-20, underpinned by a modest pick-up in domestic activity as business investment returns to growth. Despite this forecast strengthening in headline growth, domestic activity is still forecast to be constrained by subdued growth in household consumption and a further decline in dwelling investment.

Compared with both Australian Treasury and RBA forecasts, 2019-20 is expected to be the third consecutive year where Queensland growth outstrips national economic growth.

Chart 2.1 Economic growth¹, Queensland and Australia



Note:

1. CVM, 2016-17 reference year, 2018-19 to 2020-21 are forecasts, while 2021-22 and 2022-23 are projections.

Sources: ABS 5206.0, Australian Government Budget 2019-20 and Queensland Treasury.

From 2020-21 onwards, economic growth is expected to remain solid, at around 2¾% per annum (Table 2.2), with a more balanced contribution from all major components of the economy.

Reflecting the State’s strong economic growth, employment grew 4.1% in 2017-18, the strongest year-average growth in over a decade and the largest single-year rise (97,700 persons) in the State’s history. However, subdued domestic activity is expected to see employment growth return to more sustainable rates of 1½% in 2018-19 and 1¼% in 2019-20, while the unemployment rate is forecast to stabilise at around 6%.

As employment growth returns to more sustainable rates from 2018-19, the participation rate is expected to fall, reversing some of the sharp rise recorded in 2017-18 which limited reductions in the State’s unemployment rate at that time. A modestly lower participation rate is expected to limit upward pressure on Queensland’s unemployment rate in the near term.

Beyond 2019-20, as domestic activity strengthens, labour market conditions are set to improve modestly, with a strengthening in jobs growth and the unemployment rate edging lower to 5¾% by the end of the projection period.

Table 2.2 Queensland economic forecasts/projections¹

	Actual	Est. Act.	Forecasts		Projections	
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Gross state product²	3.5	2¾	3	2¾	2¾	2¾
Nominal gross state product	5.7	6	3¼	3½	4½	4¾
Employment ³	4.1	1½	1¼	1½	1¾	1¾
Unemployment rate ⁴	6.0	6	6	6	6	5¾
Inflation ³	1.7	1¾	2	2¼	2½	2½
Wage Price Index ³	2.2	2¼	2¼	2½	2½	2¾
Population ³	1.7	1¾	1¾	1¾	1¾	1¾

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2016-17 reference year.
3. Annual percentage change, year-average.
4. Per cent, year-average.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

Household consumption

Following a strengthening in growth to 2.3% in 2017-18, supported by strong employment and a marginal pick-up in private sector wages, household consumption growth is forecast to remain subdued in 2018-19 and 2019-20.

With employment growth to slow and wages to pick up only modestly, household disposable income growth is forecast to be moderate. Weakness in dwelling investment is also likely to constrain spending on associated household goods and furnishings, while softer house prices are expected to constrain rises in household wealth. Consumers are also likely to exercise a degree of caution amid the uncertain global and domestic economic environments.

Following subdued growth in 2018-19 and 2019-20, consumption growth is forecast to pick up gradually in subsequent years, supported by an improvement in employment and wages growth.

Dwelling investment

Overall, dwelling investment is estimated to fall 5½% in 2018-19 and to decline a further 3% in 2019-20, before returning to growth in 2020-21 (up 2¾%).

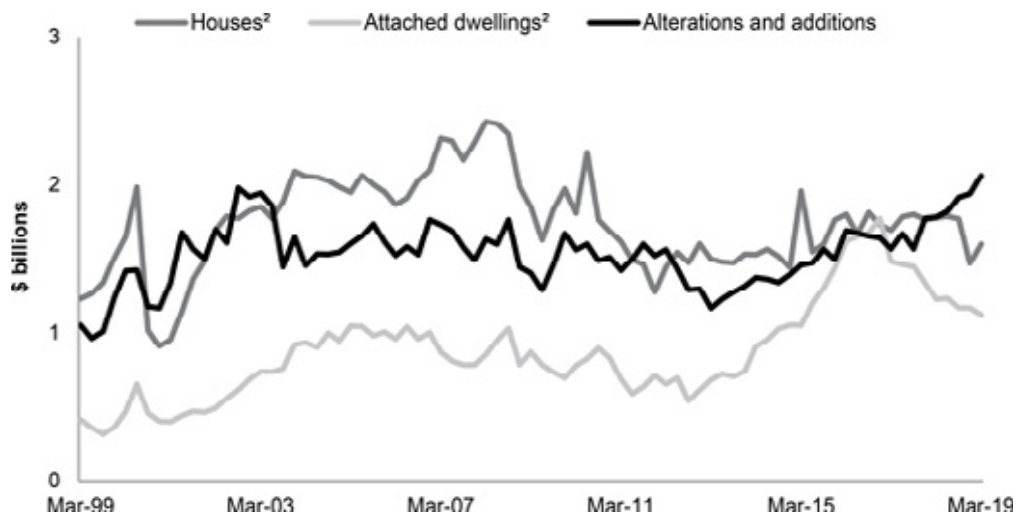
Highlighted as a key risk in the 2018-19 Mid-Year Fiscal and Economic Review (MYFER), the outlook for dwelling investment has weakened materially since late 2018, with approvals and finance commitments falling further and faster than previously anticipated. Approvals for new houses and attached dwellings have fallen 18.8% and 28.1%, respectively, in the first 10 months of 2018-19.

A range of factors have contributed to the weaker demand for new housing, including: the slowdown from the high levels of investment in apartments in previous years; a response by lenders and borrowers to tighter national lending regulations targeting investors and interest-only loans; a softer outlook for house prices, particularly in Sydney and Melbourne; and increased scrutiny of credit applications by banks, particularly in the context of the outcomes of the Banking Royal Commission.

Consequently, construction of attached dwellings (that is, units, apartments and townhouses) has continued to return to more sustainable levels following the apartment construction boom in inner Brisbane. Meanwhile, construction of detached housing (that is, houses) has also softened. Reflecting these trends, **new and used dwelling investment** is expected to decline 15½% in 2018-19 and a further 8¼% in 2019-20, before returning to modest growth in 2020-21.

Partly offsetting this decline, strong growth continues to be recorded in **alterations and additions** activity (that is, renovations), which has risen 76.6% since its trough in March quarter 2013 to reach a record high in March quarter 2019, and to be the largest individual component of dwelling investment (Chart 2.2). In an uncertain global and national economic environment, households are preferring to invest in their current homes. As a result, momentum in alterations and additions activity is expected to continue, with a strong 12½% rise in 2018-19 forecast to be followed by further rises of around 4% per annum in the next two years.

Chart 2.2 Dwelling investment, by component¹, Queensland



Notes:

1. CVM, quarterly, seasonally adjusted.
2. Work done, CVM, quarterly, seasonally adjusted.

Sources: ABS 5206.0 and 8755.0.

Business investment

Driven by investment in renewable energy projects, business investment rebounded strongly in 2017-18, making its first contribution to annual economic growth in Queensland since the peak of the LNG construction boom in 2012-13. However, business investment is expected to ease slightly in 2018-19, before returning to growth from 2019-20.

Engineering construction is expected to continue to be supported by renewable energy projects, as well as a number of resources projects either under construction or soon to commence, such as the Olive Downs and Byerwen metallurgical coal projects.

Since December 2016, 24 large-scale renewable projects have commenced operations, and a further 11 projects are financially committed or under construction in Queensland. This growth in the sector has led to significant employment gains, with the number of jobs in renewable energy increasing to 5,080 in 2017-18, a 44% growth over the year.

However, the increased uncertainty in both the global and domestic outlooks has seen mining investment more focused on maintaining or expanding the current large capital stock, rather than new major greenfield resource sector projects. This is likely to impact the outlook for engineering construction growth.

Despite strong growth in **non-residential building** investment in 2017-18, work yet to be done data suggest this component will be constrained in the near term. While accommodation projects and office buildings have supported recent activity, a lack of accommodation projects in the pipeline and elevated office vacancy rates suggest further investment is likely to be modest.

Investment in **machinery and equipment** has risen strongly in recent years. With risks to the global and domestic economic outlooks rising, many businesses are making investments in machinery and equipment to expand productive capacity, rather than committing to additional large-scale construction projects. These trends are likely to continue in the near-term, with investment in machinery and equipment also likely to be supported by recent strong growth in company profits and low lending costs for businesses.

Public final demand

Public final demand, which includes both consumption and investment spending across all levels of government, is expected to continue to grow strongly, averaging around 4% per annum over the forecast period to 2020-21.

The Queensland Government is continuing to invest in productivity-enhancing economic infrastructure and essential social infrastructure to create jobs, support Queensland businesses and drive economic growth across all regions of the State.

In this Budget, the Government has committed \$49.5 billion over the next four years to fund construction of the critical infrastructure and capital works needed to rebuild and grow the State's regions, facilitate and support business-led growth and deliver essential services to improve the quality of life enjoyed by the State's growing population.

The Government's capital program, including \$12.9 billion in 2019-20, will directly support substantial employment and economic activity across all regions of the State.

Overseas exports and imports

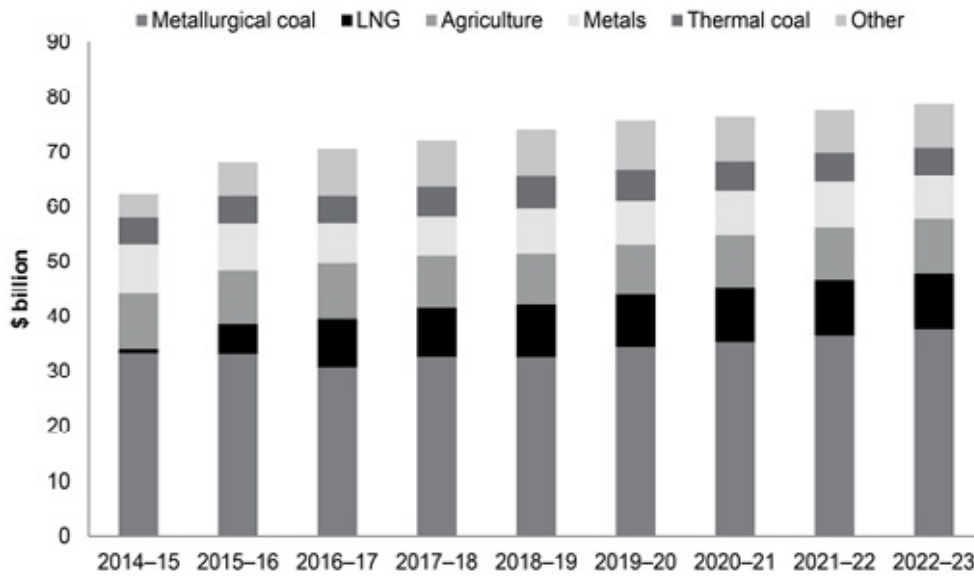
Coal export volumes are expected to grow only slightly in 2018-19. This subdued growth in 2018-19 partly reflects heightened import restrictions at Chinese ports since the end of 2018 and port disruptions at Abbot Point Coal Terminal in February following the North Queensland floods. Looking ahead, while coal export volumes are forecast to continue to grow, the rate of growth will likely be more modest than previously expected, reflecting the softer global outlook and the slowing of industrial production growth in most of the State's major coal export markets.

Importantly, around 70% of the volume of Queensland's coal exports is metallurgical coal used for steel making, whose demand has been less affected by port restrictions in China so far. Indeed, China's coking coal imports increased at an annual rate of 44% in the first four months of 2019, to 23.8 million tonnes, compared with a 24% decline in thermal coal imports over the same period.

Despite slower growth in export volumes, coal export earnings in 2018-19 have been supported by sustained high prices, with benchmark hard coking coal prices remaining high in 2018-19, partly driven by strong demand from India and supply disruptions. Meanwhile, the average thermal coal price in 2018-19 was only marginally lower than in 2017-18. This was despite benchmark spot thermal coal prices falling from around US\$120/t at the beginning of the financial year to around US\$72/t by late May 2019, partly in response to Chinese port restrictions and a signalling of decreasing reliance on coal fired power generation in developed economies.

Looking ahead, Queensland coal export volumes are forecast to increase at an average 1¾% per annum between 2018-19 and 2022-23. Commencement of new mining projects and some expansion of existing projects are expected to see the volume of metallurgical coal exports increase while thermal coal export volumes are forecast to decline slightly. Coal prices are assumed to gradually ease towards levels which are consistent with balancing global coal demand and supply.

Chart 2.3 Queensland's overseas goods exports¹



Note:

1. CVM, 2016-17 reference year. 2018-19 to 2020-21 are forecasts, while 2021-22 and 2022-23 are projections.

Sources: Unpublished ABS data and Queensland Treasury.

LNG export volumes are expected to grow modestly in 2018-19, driven by new coal seam gas developments which will also provide additional supply into the east coast domestic gas market. However, further growth in LNG export volumes is not expected until at least 2020-21, when substantial new gas supply begins to come online.

After four consecutive annual falls, **metal exports** are estimated to rebound and grow by 14½% in 2018-19. This recovery reflects the commencement of new projects, including Rio Tinto's Amrun bauxite mine, MMG's Dugald River zinc mine and New Century's reprocessing operation at the depleted Century zinc mine, along with the restart of Glencore's Lady Loretta zinc mine in 2018.

The North Queensland floods impacted rail transportation of metal products from Mount Isa to Townsville. However, these impacts were temporary, with the rail line re-opening on 29 April, while some of the disruptions were mitigated by temporary increases in road haulage. Metal processors have also noted that some lost production will be caught up by the end of 2019.

For further details on the impact of recent natural disasters, including the Government's responses, refer to the supplementary Budget paper on Disaster Recovery.

Although international metal prices were lower in 2018-19, their negative impacts on export earnings were offset by a lower A\$ exchange rate and a shift towards exports of metal concentrates, whose prices have been less aligned with metal prices in recent times. The ramp-up in metal production is expected to largely be completed by the end of 2019. Therefore, combined with an expected moderation in production at some existing mines due to lower ore grades, the volume of metal exports is expected to plateau by 2020-21.

Growth in **beef production and exports** have continued in 2018-19, as dry conditions persisted across many cattle regions in Queensland. An anticipated return to more favourable conditions will see restocking activity gradually increase, as challenging weather conditions have depleted herds in recent years. However, herd rebuilding in the north of the State is likely to be protracted due to local cattle losses following the North Queensland floods.

Sugar exports are expected to return to growth in 2018-19, reflecting elevated levels of sugar content in crushed cane. Drier conditions toward the end of 2018 allowed the harvest to take place over a shorter period, while sugar content was at optimal levels. A softening of sugar exports is expected in the near term, assuming a return to normal sugar content levels.

Cotton exports are expected to fall in 2018-19 as dry conditions continue to reduce the area planted to cotton. Similarly, **other crop exports** are expected to decline, reflecting a reduction in the area planted for most crops, and therefore, decreased production.

Following a sustained period of solid growth, **overseas tourism exports** are expected to ease in 2018-19. However, a competitive A\$, new air routes to Asia and the Brisbane airport expansion are expected to support a return to growth in following years.

Queensland's **international education exports** have continued to grow strongly in recent years with a competitive A\$ and ongoing demand from Asia driving growth over the forecast period. China remains a key market, accounting for around 23% of overseas student enrolments in 2018.

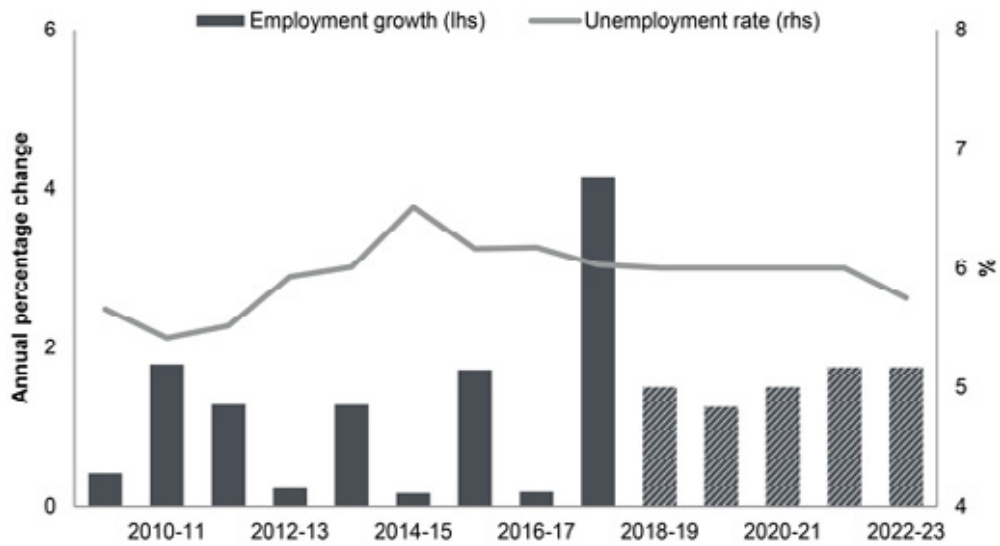
Overseas imports rose sharply in 2017-18, reflecting increased imports of capital goods (consistent with the rebound in business investment in that year, including several large scale renewable energy projects), petroleum products (which can be volatile) and motor vehicles (reflecting the cessation of domestic vehicle production in 2017). However, overseas imports are forecast to return to modest growth in 2018-19 and 2019-20, reflecting subdued growth in domestic activity.

Labour market

After exceptionally strong growth of 4.1% in 2017-18, employment growth is expected to return to more sustainable rates over the forecast period. With the outlook for domestic activity subdued in 2018-19 and 2019-20, employment growth is estimated to ease to 1½% in 2018-19 and 1¼% in 2019-20, before picking up to 1½% in 2020-21.

The unemployment rate is expected to remain relatively stable over the next two years. Labour force participation has moved broadly in line with employment growth in recent years, resulting in a relatively steady unemployment rate (Chart 2.4). This trend is expected to continue and, as a result, the State's unemployment rate is expected to stabilise at around 6% through to 2020-21.

Chart 2.4 Employment growth and unemployment rate, Queensland¹



Note:

1. Year-average. 2018-19 to 2020-21 are forecasts, while 2021-22 and 2022-23 are projections.

Sources: ABS 6202.0 and Queensland Treasury.

The strength of the Queensland labour market has seen 199,000 jobs created across the State since January 2015. This strong jobs growth, in particular the sharp rise in employment in 2017-18, saw additional jobseekers encouraged into the labour market, resulting in a spike in the participation rate which limited the reduction in the State’s unemployment rate in that year.

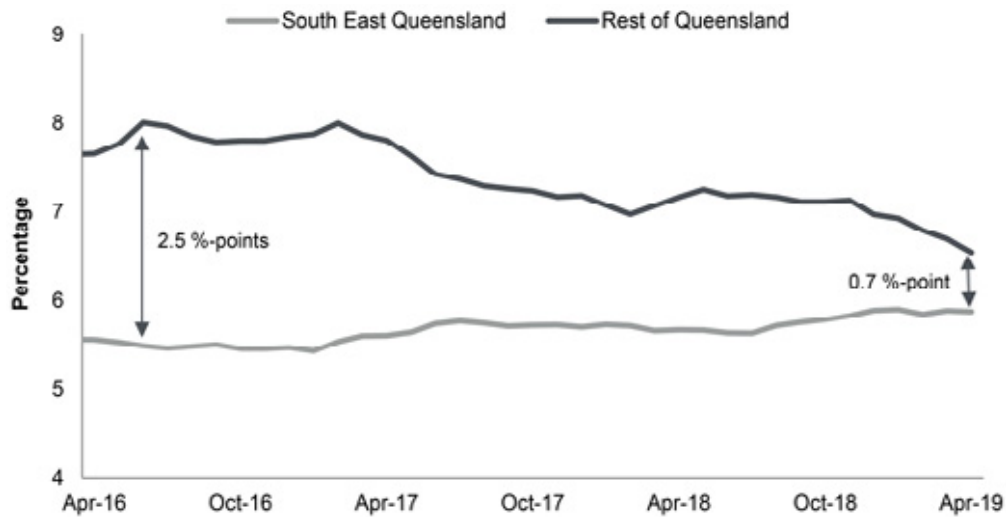
As employment growth returns to more sustainable rates, some workers are less likely to actively participate in job seeking and the participation rate is expected to decline. As a result, some of the moderation in employment growth is expected to be absorbed by a partial reversal of the previous spike in labour force participation, leaving the unemployment rate broadly stable.

Employment growth is projected to strengthen to 1¾% in 2021-22 and 2022-23, reflecting a pick-up in domestic activity, with the unemployment rate to edge down to around 5¾% by the end of the projection period in 2022-23.

Regional labour markets

Labour market conditions in regional Queensland have improved over the past year. Over the year to April 2019, employment in regional Queensland increased 8,700 persons, with jobs growth over the year (1.4%) being faster than population growth (0.7%). Further, the gap between the regional and South East Queensland unemployment rates has continued to narrow, from 2.5 percentage points in mid-2016 to 0.7 percentage point in the year to April 2019 (Chart 2.5), reflecting the stronger economic conditions in key regions.

Chart 2.5 Unemployment rate¹ by region, Queensland



Note:

1. Year-average. South East Queensland is defined as Greater Brisbane, Gold Coast, Sunshine Coast and Toowoomba.

Source: ABS 6291.0.55.001.

Mackay had the State’s lowest unemployment rate (4.3%) in April 2019. Conditions in the region have eased over the past year, however this follows two years of strong jobs growth.

Central Queensland’s labour market appears to be adjusting well following the end of the LNG construction boom, with employment up 6,900 persons over the year to April 2019 (the most in any region outside South East Queensland) and the unemployment rate falling to 5.6%.

The labour market in **Cairns** remains buoyed by strong domestic tourism, with employment up 4.5% over the year and the unemployment rate down 1.4 percentage points, to 4.8%.

Conditions in **Townsville** and the diverse **Queensland-Outback** region remain challenging. However, Townsville has shown improvement over the past two years, with the unemployment rate falling 2.9 percentage points and employment rising 10,200 persons.

While the north west of the Outback region has been impacted by the recent floods, the south and central west Outback are facing ongoing drought conditions. Further, there are elevated levels of unemployment across rural Indigenous communities in parts of the Outback region.

Wide Bay recorded modest employment growth (1.0%) over the past year and a falling unemployment rate (down 2.0 percentage points to 7.5%). This result was despite the region facing ongoing labour market challenges, low participation rates and relatively high rates of social disadvantage.

Labour market conditions in South East Queensland have remained robust over the year to April 2019, with employment up 1.9% and the unemployment rate remaining below the State average. Within South East Queensland, the Gold Coast has recorded the strongest labour market conditions, with employment growing by 4.7% and an unemployment rate of 4.8%, the equal second lowest in the State.

Prices and wages

Brisbane's consumer price growth has remained steady in recent years, with inflationary pressures remaining subdued in 2018-19. While the further 12.5% annual increase in the Australian Government's tobacco excise has provided upward pressure on inflation, this has been partially offset by falling global oil prices in late-2018 that have driven automotive fuel prices lower. A modest acceleration in inflation is forecast for 2019-20, driven by a further increase in the tobacco excise and a return to growth in dwelling rents, as apartment supply continues to be absorbed.

Nominal wage growth in Queensland has accelerated slightly in recent years but remains subdued by historical standards. However, despite the modest recent wages growth, slower consumer price inflation has seen real wages continue to rise. Wage growth is expected to strengthen over the medium-term as conditions in the domestic economy improve.

Population

Queensland's population growth is forecast to average around 1³/₄% in 2018-19, with similar rates of growth forecast in each year over the remainder of the forecast period.

Queensland's more affordable housing has supported higher net interstate migration from New South Wales. Meanwhile, the unwinding of the Western Australian resources investment boom has seen an increase in net inflows from that state over recent years, following a sustained period of outflows to Western Australia between 2008 and 2015. Queensland's net interstate migration is expected to moderate over coming years.

Net overseas migration to Queensland has grown strongly and is expected to continue to grow over the medium term, driven by a range of factors including rising incomes in Asia and a competitive A\$.

2.4 Risks to the outlook

In its April 2019 *World Economic Outlook*, the IMF noted risks to the global economic outlook are tilted to the downside.

US-China trade tensions could escalate further and the resulting policy uncertainty adversely affect global growth. This may particularly impact on the Chinese economy and its key Asian trading partners, leading to a weaker outlook for industrial production and tempering the outlook for Queensland export growth. Further, there is ongoing uncertainty about the duration of Chinese coal import restrictions and the impacts on coal exports and prices.

Nevertheless, the effect of the trade war on Queensland's coal exports may not be even. Given the high quality of Queensland's metallurgical coal, which comprise around 70% of the volume of Queensland's coal exports, and the dominance of the blast furnace method of steel making in Asia, Queensland metallurgical coal exports may be less affected. In fact, China's State Council announced in mid-May 2019 tariff exemptions on some US imports which included coking coal but not thermal coal.

With political discord in the EU already elevated and prolonged fiscal uncertainty in Italy, a "no deal" Brexit could heighten political and economic instability in that region, further impacting on global confidence.

At the national level, if economic growth was to soften further than currently anticipated, this could lead to continued weakness in wages growth and inflation. It may also prompt the RBA to consider monetary policy easing further or faster than current market expectations. However, with the RBA recently noting the limitations of monetary policy to stimulate demand in the current low interest rate environment, this scenario could also increase the importance of fiscal policy at the national level as a tool in managing demand.

The national and state housing markets have changed considerably since late 2018, as evidenced by the substantial price falls in Sydney and Melbourne. Housing approvals in Queensland have also fallen further than expected since the 2018-19 MYFER, and there remains a high level of uncertainty around the outlook for dwelling investment and property prices.

The moderate declines in dwelling investment forecast in 2018-19 and 2019-20 and a return to growth expected in 2020-21 are based on key underlying fundamentals that should help limit any more substantial weakening of the housing sector. These include the relatively modest price increases recorded in Queensland during the current housing cycle and the State's ongoing solid population growth.

However, if the dwelling sector were to weaken further than currently anticipated, this could have a negative impact on household wealth and consumption, with flow-on effects to employment.

Table 2.3 overleaf outlines the detailed components of GSP for the Actual 2017-18 outcome, the Estimated Actual 2018-19 outcome and the 2019-20 and 2020-21 forecast period.

Table 2.3 Queensland economic forecasts¹, by component

	Actual 2017-18	Est. Act. 2018-19	Forecasts	
			2019-20	2020-21
Economic output²				
Household consumption	2.3	2½	2½	2¾
Private investment	5.3	-3½	½	¾
Dwelling investment	-3.9	-5½	-3	¾
New and used	-8.7	-15½	-8¼	1½
Alterations and additions	6.1	12½	4¼	4
Business investment	13.1	-3	2¼	¾
Non-dwelling construction	16.9	-9¼	1¼	¾
Machinery and equipment	7.7	6½	¾	¼
Private final demand	3.1	1	2	¾
Public final demand	4.0	4½	4¼	¾
Gross state expenditure	3.3	1¾	2½	3
Net overseas exports ³	-1.7	½	½	0
Overseas exports	2.6	3½	2½	1½
less Overseas imports	13.5	1½	1½	¾
Gross state product	3.5	2¾	3	¾
Nominal gross state product	5.7	6	¾	¾
Employment ⁴	4.1	1½	¼	1½
Unemployment rate ⁵	6.0	6	6	6
Inflation ⁶	1.7	1¾	2	2¼
Wage Price Index ⁶	2.2	2¼	2¼	2½
Population ⁶	1.7	1¾	1¾	1¾

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2016-17 reference year, except nominal GSP. Components not separately reported are other investment (cultivated biological resources, intellectual property products and ownership transfer costs) and the balancing item (including interstate trade, inventories and the statistical discrepancy).
3. Goods and services, percentage point contribution to growth in gross state product.
4. Annual percentage change, year-average. The comparable through-the-year growth rate to the June quarter (seasonally adjusted) are 3.1%, 1¼%, 1¼% and 1¼% from 2017-18 through to 2020-21.
5. Per cent, year-average.
6. Annual percentage change, year-average.

Forecast assumptions include: an easing bias in the RBA cash rate in 2019 and 2020, before a gradual rise; a broadly stable A\$; oil prices to ease marginally from US\$70/bbl; and a drier outlook for weather conditions in the short-term.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

3 Fiscal strategy and outlook

Features

- The 2019-20 Budget demonstrates this Government's commitment to sound fiscal management, with operating surpluses projected across the forward estimates, despite significant fiscal pressures.
- A General Government net operating surplus of \$841 million is expected for 2018-19, almost \$700 million higher than forecast in the 2018-19 Budget (\$317 million more than the 2018-19 Mid Year Fiscal and Economic Review estimate). Beyond 2018-19, the fiscal environment remains challenging with reductions in GST and transfer duty.
- The 2019-20 Commonwealth Budget included significant downward revisions in the GST pool forecasts. These revisions have further compounded the impact of changes to Queensland's relativity following the Commonwealth Grants Commission's 2019 Update which now excludes disaster recovery payments to local governments from the GST calculation. This has resulted in Queensland's share of GST revenue being revised down by \$2.3 billion since the 2018-19 Budget (\$1.5 billion since MYFER), over the period 2018-19 to 2021-22.
- A decline in the volume of residential property transactions since MYFER, particularly for investors, has resulted in forecasts for transfer duty revenues being downgraded by around \$1.3 billion since the 2018-19 Budget (\$1 billion since MYFER) over the period 2018-19 to 2021-22.
- While significant budget pressures exist, royalty revenue has remained strong. Since MYFER, royalty revenue has been revised upwards by approximately \$1.5 billion, excluding new measures, over 2018-19 to 2021-22. The largest factor in upwards revisions to royalties is the continued strength in the hard coking coal price (primarily used for steel production), resulting in an uplift to price assumptions, across the forward estimates.
- The preliminary cost of recovery efforts following the North and Far North Queensland Monsoon Trough is estimated to be around \$1.3 billion (operating and capital).
- A new Australian accounting standard, AASB 16 *Leases*, has been adopted in the 2019-20 State Budget. AASB 16 applies to all government and private sector reporting entities. Under AASB 16, operating leases that previously were not recognised on balance sheet will now be included as lease liabilities and lease assets on the State's balance sheet. The reporting change results in a one-off increase to General Government Sector borrowing of over \$2.2 billion and an increase for Non-financial Public Sector (NFPS) borrowing of over \$2.6 billion, on 1 July 2019.
- General Government and NFPS borrowing with Queensland Treasury Corporation (QTC) will increase over the period to 2022-23 because of ongoing investment in economic and social infrastructure, but remain largely in line with 2018-19 Budget projections. In 2019-20, General Government borrowing with QTC are estimated to be \$32.8 billion, which is around \$2.7 billion less than projected at the time of the 2016-17 Budget. For the NFPS, borrowing with QTC in 2019-20 is estimated to be \$71.95 billion, which is \$3.6 billion lower than projected at the time of the 2016-17 Budget.

3.1 Context

The Queensland Government is committed to delivering the best possible services and infrastructure to all communities.

Building on the successful strategies, initiatives and investment announced in the Government's four previous Budgets, the 2019-20 Budget supports the Government's economic plan to create secure, well-paid jobs and drive sustainable economic growth, including the ongoing growth of strong regional economies.

Another key focus of the 2019-20 Budget is planning for delivery of *Our Future State: Advancing Queensland's Priorities*. Identifying priorities and delivering on them enables us as a government to confront and tackle the major opportunities and challenges facing our state.

Ongoing budget sustainability will be central for delivering on the Government's economic plan, addressing key priority target areas and continuing to deliver enhanced frontline services to the community. Since MYFER, revenue growth has been impacted by significant downward revisions in GST pool forecasts which were included in the 2019-20 Commonwealth Budget. These revisions have further compounded the impact of changes to Queensland's relativity following the Commonwealth Grants Commission's 2019 Update which now excludes disaster recovery payments to local governments from the GST calculation. In total, Queensland's share of GST revenue has been revised down by around \$1.5 billion since MYFER, over the period 2018-19 to 2021-22.

A sharp decline in the volume of residential property transactions, particularly for investors, has led to downward revisions to Queensland's transfer duty. The scale of transfer duty revisions in Queensland is much lower than seen in Victoria and New South Wales, partly due to house prices in Queensland remaining relatively stable, compared with significant declines in the southern capitals where house prices had been at unprecedented levels.

North and Far North Queensland endured a record-breaking monsoon flooding event which devastated infrastructure, businesses, primary producers and residents across 39 local government areas around Townsville and Western Queensland through to the far north of Queensland in January/February 2019. The preliminary cost of recovery efforts following the North and Far North Queensland Monsoon Trough is estimated to be around \$1.3 billion (operating and capital).

Due to significant reductions in key revenue sources, the 2019-20 Budget implements land tax, petroleum royalty, and payroll tax measures and a reprioritisation target to ensure the Budget remains sustainable over the forward estimates and that Queenslanders continue to receive the best possible services and infrastructure.

3.2 Key fiscal aggregates

The key fiscal aggregates for the 2019-20 Budget are outlined in Table 3.1 and are discussed in detail in this chapter.

Table 3.1 Key fiscal aggregates¹

	2017-18 Actual ² \$ million	2018-19 MYFER \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
General Government Sector							
Revenue	58,087	59,002	60,068	60,387	61,729	63,583	65,540
Expenses	56,335	58,478	59,226	60,198	61,416	63,101	64,753
Net operating balance	1,753	524	841	189	313	483	787
PNFA ³	5,127	5,981	6,060	6,727	7,125	7,963	6,179
Fiscal balance	(586)	(2,632)	(2,677)	(3,527)	(3,667)	(4,280)	(1,731)
Borrowing with QTC⁴	29,256	30,609	29,933	32,781	35,218	40,174	42,589
Leases and similar arrangements ⁵	2,152	2,557	2,623	5,824	7,071	6,943	6,966
Securities and derivatives	122	75	122	122	122	122	122
Non-financial Public Sector							
Borrowing with QTC⁴	66,964	68,774	68,141	71,954	75,413	80,645	82,972
Leases and similar arrangements ⁵	2,152	2,557	2,623	6,217	7,430	7,266	7,254
Securities and derivatives	405	278	671	544	502	492	492

Notes:

1. Numbers may not add due to rounding (Bracketed numbers represent negative numbers).
2. Reflects published actuals.
3. PNFA: Purchases of non-financial assets.
4. Queensland Treasury Corporation.
5. This includes adoption of new accounting standard AASB 16 Leases.

Box 3.1 Impact of AASB 16 Leases on borrowing

A new Australian accounting standard, AASB 16 *Leases*, has been applied to the 2019-20 Budget. AASB 16 applies to all government and private sector reporting entities. Under AASB 16, operating leases that previously were not recognised on balance sheet will now be included on the State’s balance sheet as lease liabilities and lease assets. The reporting change results in a one-off increase to the General Government Sector borrowing of over \$2.2 billion and an increase for NFPS borrowing of over \$2.6 billion, on 1 July 2019.

Despite the change in reporting of operating leases, there is no material change to the State’s financial obligations or the underlying financial sustainability of Queensland from the new standard, because the obligations already existed prior to implementation of the standard.

Because of the change required by the new standard, additional details are disclosed on the State’s borrowing in the 2019-20 Budget, to distinguish between borrowing with QTC, leases and similar arrangements, and securities and derivatives. Further details are provided in Chapter 6.

The majority of leases now required to be reported on balance sheet under the new standard relate to office accommodation, with 1 William Street being the largest. Leases and similar arrangements also increases in 2019-20 due to the recognition of new finance leases on the New Generation Rollingstock and Toowoomba Second Range Crossing contracts, and activity on the Cross River Rail PPP. Leases and similar arrangements stabilises at around \$7 billion over the out years following the adoption of AASB 16 as new liabilities are largely set off by contractual repayments.

3.2.1 Net operating balance

Table 3.2 compares the General Government Sector net operating balance forecasts for the 2018-19 Budget and MYFER with 2019-20 Budget forecasts.

Table 3.2 General Government Sector – net operating balance forecasts

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$ million	\$ million	\$ million	\$ million	\$ million
2018-19 Budget	148	160	110	690	n.a.
2018-19 MYFER	524	193	145	119	n.a.
2019-20 Budget	841	189	313	483	787

The 2019-20 Budget projects net operating surpluses in each year of the forward estimates.

For 2018-19, a net operating surplus of \$841 million is expected which is a \$317 million improvement on the MYFER estimated surplus of \$524 million. Since MYFER, royalty revenue has exceeded estimates, mainly due to coal prices remaining higher than previously expected.

For 2019-20, the estimated General Government Sector operating surplus of \$189 million is in line with the MYFER projection of \$193 million.

Budget Strategy and Outlook 2019-20

In 2019-20, General Government Sector revenue is forecast to be 0.5% higher than the 2018-19 estimated actual. Significant reductions in GST and transfer duty revenue contribute to the low rate of growth. Expenses growth is forecast to be 1.6% higher than the 2018-19 estimated actual, and has been impacted by support for disaster recovery efforts in North and Far North Queensland.

Net operating surpluses will be achieved across the forward estimates with revenue growth expected to increase and exceed expense growth from 2020-21. The widening gap between revenue and expense growth provides increasing support for the net operating balance in the later years of the forward estimates.

Additional measures, detailed in Budget Paper 4 *Budget Measures*, support the Government's ongoing commitment to improve service delivery across the State.

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

Table 3.3 Reconciliation of net operating balance, 2018-19 MYFER to 2019-20 Budget¹

	2018-19 \$ million	2019-20 \$ million	2020-21 \$ million	2021-22 \$ million
2018-19 MYFER net operating balance	524	193	145	119
Taxation revisions ²	(188)	(228)	(299)	(334)
Royalty revisions ²	72	850	259	275
GST revisions	(268)	(560)	(434)	(237)
Measures ³				
Expense	5	(615)	(291)	(182)
Revenue	—	387	333	387
Net	5	(228)	42	205
Net flows from PNFC and PFC entities ⁴	320	167	10	96
Natural Disaster Revisions ⁵	142	(245)	300	(187)
Australian Government funding revisions ⁶	47	(151)	(4)	596
Other parameter adjustments ⁷	187	391	294	(50)
2019-20 Budget net operating balance	841	189	313	483

Notes:

1. Numbers may not add due to rounding.
2. Represents parameter adjustments to revenue forecasts, excluding revenue measures.
3. Reflects the operating balance impact of Government decisions since MYFER. This differs from the revenue and expense measures listed in Budget Paper 4 due to the timing of some decisions previously held centrally (such as the National Schools Reform Agreement) and policy matters not yet finalised.
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.
5. Impact of disaster expenses net of Disaster Recovery Funding from the Australian Government.
6. Represents the net impact of funding provided by the Australian Government primarily for Specific Purpose Payments and National Partnership payments, excluding funding for disaster recovery.
7. Refers to adjustments largely of a non-policy nature, including changes in interest, superannuation, depreciation, swaps, lapses and deferrals.

3.2.2 Disaster Recovery Funding Arrangements

The Disaster Recovery Funding Arrangements (DRFA), and the previous National Disaster Relief and Recovery Arrangements (NDRRA) provide a cost sharing formula between the Queensland and Australian Governments, as well as a range of pre-agreed relief measures which may be activated by the Queensland Government immediately following a disaster event, once a need has been established.

The timing of expenditure in relation to natural disasters, and the anticipated DRFA reimbursements from the Australian Government, will impact Queensland's budget position.

Box 3.2 North and Far North Queensland Monsoon Trough

Queensland is the most disaster impacted state in Australia, which underscores our need to continually invest in disaster preparedness and resilience to help save lives, minimise economic loss and enable communities to recover faster.

Queensland's expertise in disaster management, recovery and mitigation is built upon experience managing more than 84 disaster events in the past decade. The Queensland Government is supporting resilience building initiatives as part of the 2019-20 State Budget. Rebuilding after a disaster is important, but increasing the resilience of our infrastructure to lessen the impacts of natural disasters means that communities can recover more quickly, and with less cost, after a natural disaster strikes.

North and Far North Queensland endured record-breaking monsoon flooding in 2019. The trough wreaked havoc across 39 local government areas and had a catastrophic impact on communities, businesses and primary producers from the Torres Strait in the far north to the South Australian border in the south west.

The preliminary cost of recovery efforts following the disasters is estimated to be \$1.3 billion, comprising around \$270 million worth of state infrastructure remediation works and around \$1 billion worth of operating expenses, the bulk of which is capital grants to local governments.

The direct negative impact of the floods on economic output is estimated at around ¼ percentage point of GSP, spread across 2018-19 and 2019-20. This compares with previously estimated losses of around ¼ percentage point of GSP for Severe Tropical Cyclone (STC) Debbie and 2¼ percentage points of GSP for the 2010-11 Floods and STC Yasi.

Under current Disaster Recovery Funding Arrangements, which apply to this event, the bulk of Commonwealth funding is currently expected in the 2020-21 financial year with a net fiscal balance cost to the State of the monsoon event expected to be around \$480 million over the forward estimates.

3.3 Fiscal strategies

The Palaszczuk Government is committed to the sound management of the State's finances, while delivering high quality services to all Queenslanders. This includes managing within the State's means and budgeting for a positive operating position in each year of the forward estimates.

Ongoing budget sustainability is central for delivering on the Government's economic plan, addressing key priority target areas and achieving public sector reform. To ensure Budget sustainability, revenue and expenditure measures have been introduced in the 2019-20 Budget.

3.3.1 State's operating capacity

As outlined in Chapter 7, almost half of Queensland's revenue is from the Australian Government. This means Queensland's fiscal position is exposed to decisions made by the Australian Government, such as not renewing expiring funding agreements, which leads to a lack of certainty about the funding that will be received each year and limits the Government's ability to respond to emerging service delivery pressures.

Despite the reliance on Commonwealth funding, the measures introduced in the 2019-20 Budget, together with a focus on expenditure discipline, will ensure the gap between revenue and expenditure growth widens across the forward estimates.

While the Government is delivering on its commitment to provide sound fiscal management, 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 net operating balance. Until there is greater certainty, the potential fiscal impacts of such issues are not included in the forward estimates. These include:

- Native Title Compensation Settlement: The Government is potentially exposed to compensation liability arising from native title claims. At this stage it is not possible to quantify the potential liability.
- Removal of Statutory Limitation on Physical Abuse: The Government is actively considering the removal of the statutory limitation period of serious child physical abuse and connected psychological abuse, consistent with stakeholder views expressed in response to the Issues Paper: The civil litigation recommendations of the Royal Commission into Institutional Responses to Child Sexual Abuse: Redress and Civil Litigation Report – understanding the Queensland context. The Government acknowledges Queensland's potential liability that would arise from the removal of the statutory limitation.
- Share of future GST revenue: The Commonwealth Grants Commission may propose to amend its assessments in consultation with the States as part of its 2020 Methodology Review. The quantum of these impacts cannot be determined at present. If they are incorporated into the assessment methodology, they will impact on Queensland's GST Revenue from 2020-21.
- The National Partnership on Remote Housing finished on 30 June 2018, with no additional funding to Queensland provided in the Commonwealth Budget. There will be significant additional investment required to meet the growing housing needs in remote Indigenous communities.
- Following the January 2011 Queensland flood events, certain property owners commenced a class action making claims against the State. This class action commenced trial in December 2017. At the time of Budget preparation, a judgement is yet to be handed down.
- National Partnership on Universal Access to Early Childhood Education: The Australian Government has not committed to providing funding to support universal access to kindergarten for children in the year before school beyond 2020, resulting in uncertainty for Queensland, including service providers and parents.

Revenue

Ensuring Queensland remains a competitive taxation environment which supports business and jobs growth, and ensuring cost of living pressures do not place undue strain on Queensland households, are key priorities of this Government.

Queensland businesses and households benefit from one of the most competitive tax environments out of all states in Australia, and will continue to do so under the Palaszczuk Government. Policy and taxation settings are being balanced against appropriate management of the State's operating position. For the 2019-20 Budget, revenue measures have been introduced which promote jobs and support business while ensuring the continued delivery of high quality services:

Revenue Measures

- From the 2019-20 financial year, a payroll tax rate of 4.95% will apply to employers with total annual taxable wages above \$6.5 million. This rate remains lower than New South Wales (5.45%), Western Australia (5.5%), Tasmania (6.1%), Australian Capital Territory (6.85%) and Northern Territory (5.5%), and comparable to South Australia (4.95%) and Victoria (4.85%). This revenue measure will fund the payroll tax package.

Payroll Tax Package

The Government is increasing the exemption threshold for payroll tax from \$1.1 million to \$1.3 million of annual wages from 1 July 2019. This change will reduce the payroll tax paid by businesses with annual wages up to \$6.5 million by either keeping them below the threshold, or reducing the amount payable due to increasing the deduction threshold.

The Government is extending the 50% payroll tax rebate on the exempt wages of apprentices and trainees until 30 June 2021.

To further encourage regional employment, from 1 July 2019, the Government is introducing a 1% discount on the relevant payroll tax rate for businesses who have more than 85% of their employees outside South-East Queensland. This will benefit regional payroll tax paying businesses.

From 1 July 2019 until 30 June 2021, the Government is introducing a rebate of the payroll tax on additional employees that businesses can demonstrate they have employed over and above their level of full time employees.

- The petroleum royalty rate will increase by 2.5% to 12.5% from 2019-20 onwards. The Government will review design settings of the petroleum royalty regime during 2019-20. The review is discussed further in Chapter 4, Section 4.4.2.
- From 1 July 2019, the Government will increase land tax rates for companies, trusts and absentees by 0.25 cents for each dollar above \$5 million, and 0.25 cents for each dollar above \$10 million.
- From 2019-20, the land tax absentee surcharge rate will be harmonised with Victoria and New South Wales with a 0.5% increase, and application of the surcharge widened to include foreign corporations and trustees of foreign trusts.

- The Government will increase resourcing for Treasury to undertake a program of additional targeted tax compliance activities to ensure all Queenslanders are paying their fair share of taxes.

Further detail on these measures and more information on Queensland's revenue outlook are provided in Chapter 4.

Fiscal principle supporting revenue management

Taxation per capita in Queensland remains significantly lower than the average of other Australian states and territories. In 2019-20, Queensland's taxation per capita of \$2,952 will be \$666 per capita less than the average of the other jurisdictions.

In addition to comparing Queensland's competitive taxation status across jurisdictions, the Government also aims to support businesses and households by ensuring that own-source revenue in the General Government Sector, including user charges and royalties, remains at or below 8.5% of nominal gross state product (GSP), on average, across the forward estimates. Own-source revenue is derived from total State revenue less any grants received from external sources, mainly the Australian Government.

This principle is expected to be met over the forward estimates period, with revenue falling as a percentage of GSP. For 2019-20, General Government own-source revenue is forecast to be 8.5% of nominal GSP. This falls to 7.9% by 2022-23.

Expenditure

For the 2019-20 Budget, the government has introduced several savings measures to maintain budget sustainability, and to ensure service delivery remains high quality and provides the outcomes Queenslanders need.

Reprioritisation Target

Ongoing budget sustainability is central to delivering the Queensland Government's economic plan, addressing key priority target areas and achieving public sector reform.

Reprioritisation targets have been factored into the 2019-20 Budget of \$200 million in 2019-20 and \$500 million per annum from 2020-21 onwards.

Service Priority Review Office

From 1 July 2019, a new Service Priority Review Office (the Office) will be established in Queensland Treasury. In partnership with the Department of the Premier and Cabinet, the Office will drive the realisation of the reprioritisation targets, by conducting reviews of Queensland public sector agencies and programs.

The review of an agency's operations, programs and administration (both internal and contracted out), will identify how functions align with government's priorities, and consider how to optimise the alignment of functions and public resources against these priorities.

The Office will draw on expertise in service delivery from outside Government including from the business and community sectors.

Consistent with Government's employment security policy there will be no forced redundancies in realising these targets.

More information on Queensland's expenditure outlook is provided in Chapter 5.

Fiscal principle supporting expenditure management

In the General Government Sector, employee expenses equate to approximately 42% of total expenses in 2019-20. Increases in employee expenses reflect changes in the number of public sector employees as well as wages growth.

A key focus is to ensure a balance between high-quality service delivery, and the discipline that underpins the Government's commitment to fiscal sustainability.

To manage employee expenses growth, the Palaszczuk Government adopted a fiscal principle to 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.

One of the recommendations from the Coaldrake Review (discussed further in Chapter 5 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. The Government accepted this recommendation in principle. This is now available in Chapter 5, Chart 5.3.

FTEs are estimated to increase by around 4,392 in 2019-20, with approximately 89% of this increase attributable to growth in health and education.

Average FTE growth over the forward estimates period from 2018-19 to 2022-23 is 1.68%, refer Table 3.4. This compares to an estimated Queensland population growth of 1¾% annually.

Further details are provided in Chapter 5, with Table 5.2 listing in-scope agencies and their FTE estimates for 2018-19 and 2019-20.

3.3.2 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. The Queensland Government also recognises that building infrastructure benefits local communities, strengthens local economies and supports local jobs.

Through the 2019-20 Budget, the Government continues to invest in health, education and roads that Queenslanders need. Key measures include:

Education

- Through the \$1.3 billion Building Future Schools Fund, the Government is building seven new secondary schools, two new special schools, and three new primary schools. For existing state schools, the Government's Renewing Our Schools Program provides \$235 million over four years to 2021-22 to enhance and upgrade facilities in identified state schools across Queensland. The Government is also providing increased funding of \$251 million over three years from 2018-19 for the provision of additional facilities at existing state schools experiencing enrolment growth.

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 including Caboolture, Logan and Ipswich with a combined value of \$957 million.

Roads

- The Queensland Government is investing \$898 million to deliver major projects on the M1, including the Varsity Lakes to Tugun and Eight Mile Plains to Daisy Hill projects. A safe, efficient and reliable M1 Pacific Motorway plays an important role in driving productivity and competitiveness across South East Queensland.
- The Government is also investing in several Bruce Highway upgrades through the 2019-20 Budget. 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.

Community Safety

- The Government has also committed around \$620 million, held centrally, towards an expansion of the Southern Queensland Correctional Precinct. The Stage 2 Expansion will deliver a correctional facility with a focus on health and rehabilitation, to reduce reoffending. This expanded facility, with its 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 Stage 2 Expansion will ease overcrowding across the correctional services system, helping keep correctional officers and prisoners safe.

Youth Justice

- The Government is committed to 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 for the completion of these projects over the next three years

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

Borrowing

The Government is committed to managing borrowings in a sustainable way. To achieve this, the government is focused on growing the net operating balance across the forward estimates to reduce future borrowing requirements, while allowing the Government to continue to invest in the infrastructure projects needed for Queensland's growing population.

The revenue and expense measures identified in Section 3.3.1 are supporting an ongoing improvement in the net operating balance, by ensuring that there is a widening gap between revenue growth and expenses growth. Expenditure control will be achieved without reducing services, with the Government boosting frontline staff in education and health while maintaining total public sector FTE growth at a rate below population growth. This ensures the government delivers the services Queenslanders need while reducing the State's borrowing requirements.

There are also a range of initiatives and development activities that are either planned, or are underway, that will further support the State's net operating balance and reduce borrowing requirements, which have not yet been factored into the Budget. These include:

Asset and Liability Management

A new board will be established to oversee the economic and financial risks to the State's Balance Sheet. This will provide the Government with central oversight of the identification and management of risks associated with whole-of government assets and liabilities.

This approach to managing the State's assets and liabilities will ensure the Government effectively manages its financial assets to achieve the best outcomes for government as a whole.

Projects that support revenue growth

While the forward estimates period is critical to the Budget planning, ensuring growth prospects are being planned now, for the future, is also important. To support future economic growth, which in turn drives revenue growth, the Government is providing support for the projects of the future. These include:

- North West Minerals Province
- Hydrogen industry development
- Releasing gas tenure to support domestic supply
- Export Hubs

- expansion of Port of Townsville and the Cairns Port
- further funding of Port of Gladstone
- Global tourism Gold Coast and Cairns.

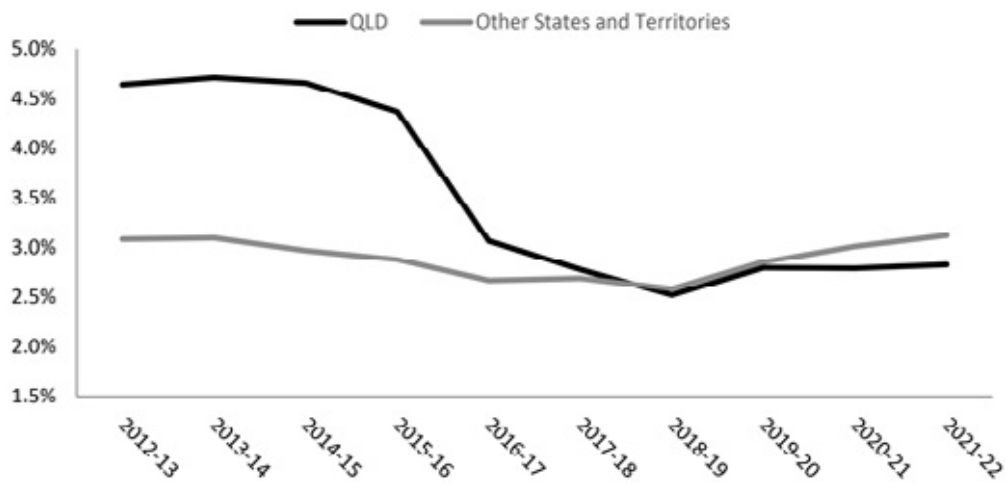
Borrowing costs have reduced

In addition to the improvement in the net operating balance from the measures outlined above, the State is benefitting from significant increased capacity to service its borrowing costs. As shown in Chart 3.1, the State’s interest expense as a proportion of revenue has reduced substantially, reflecting both the reduction in the level of borrowings achieved since 2015 and reductions in interest rates.

While an increase in borrowings is projected across the forward estimates in support of the capital program, the serviceability of existing borrowings has dramatically improved since 2014-15. This means a smaller portion of state revenue is now required to service Queensland’s debt. This provides greater capacity to reduce borrowings across the forward estimates.

From its peak in 2013-14 of 4.7%, Queensland’s interest expense as a proportion of revenue has declined over successive budgets and is projected to remain relatively flat across the forward estimates. From 2020-21, Queensland’s relative cost is below the average of the other states and territories, and is expected to be 2.8% of revenue in 2021-22.

Chart 3.1 General Government Sector – interest expense to total revenue



Note: 2022-23 not reported because some jurisdictions have not released their 2019-20 Budgets. AASB 16 *Leases* increases QLD annual interest expense by around \$60 million per annum.

Infrastructure funding

To deliver a sustainable capital program, the Government has adopted two fiscal principles which ensure a consistent flow of capital works; and seek to limit the borrowings required to fund capital investment. The two principles (reported in Table 3.4) are:

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

Fiscal principles supporting capital investment management

The General Government Sector Cash Flow Statement (refer Chapter 9, Table 9.7) provides details of the sources of funding for capital investment.

It shows that in 2018-19, recurrent revenues (General Government cash inflows from operating activities) are expected to provide 79% of the funding required for new capital investment (General Government net investments in non-financial assets). This is a significant improvement from the 2018-19 Budget estimate of 60%.

The improved ratio means a greater share of capital investment is funded from recurrent revenues rather than borrowings.

General Government net operating cash flows as a proportion of net investment in non-financial assets will average 62% over the 2019-20 budget and forward estimates. This is also a significant improvement from the 2018-19 Budget which estimated an average ratio of 49% over four years. This improvement has been achieved despite the challenging fiscal environment which has seen significant downward revisions to transfer duty and GST revenues.

While the value of the capital program can fluctuate across financial years, the 2019-20 Budget provides for an average General Government Sector Purchase of Non-financial Assets (PNFA) of \$7 billion across the budget and forward estimates. By maintaining the annual capital spend near the average, a consistent flow of works can be maintained which supports jobs and the economy and reduces the risk of backlogs emerging.

Fiscal principles supporting liabilities management

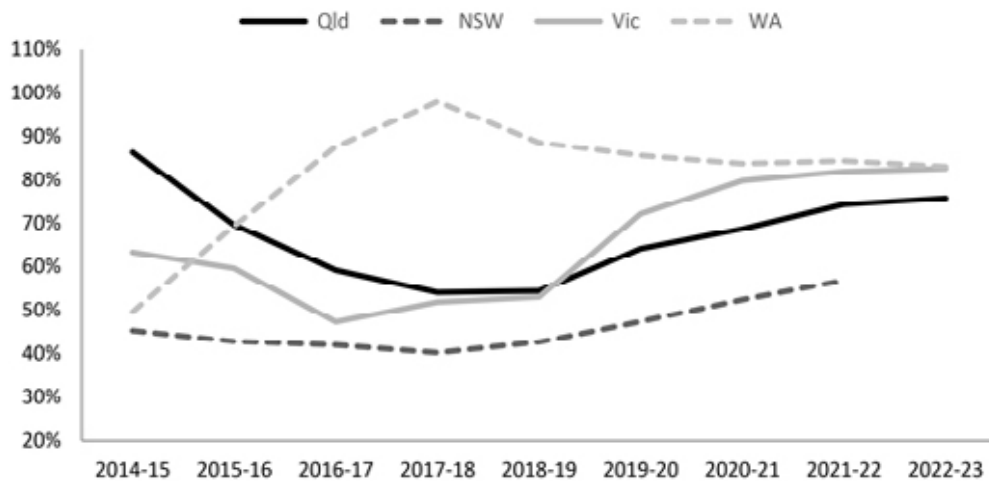
A primary objective of the Queensland Government in recent years has been to reduce General Government Sector debt.

Since 2015-16, the Queensland Government has achieved debt reductions both as a proportion of revenue and in real terms. This has allowed the Government to prioritise major infrastructure spending for all Queenslanders whilst keeping debt levels lower than the previous peak.

General Government Sector borrowing with QTC of \$29.933 billion at 30 June 2019 is forecast to be \$676 million lower than estimated at MYFER and around \$7 billion lower than projected at the time of the 2015-16 Budget.

The General Government Sector's debt to revenue ratio reduced from its peak in 2012-13 of 91% to a low of 54% in 2017-18 and 2018-19 budget years. The debt to revenue ratio for 2019-20 is estimated to be 64%, significantly lower than the 2012-13 peak. As shown in Chart 3.2, Queensland's General Government Sector debt to revenue ratio is expected to be lower than that in Western Australia and Victoria across the forward estimates period.

Chart 3.2 General Government Sector debt to revenue ratio interjurisdictional comparison



Note: At the time of publication of the Queensland 2019-20 State Budget, NSW had not yet released their 2019-20 Budget. Therefore, the NSW comparator does not include any potential increase in borrowings associated with AASB 16 *Leases* (refer Box 3.1).

The debt to revenue ratio in all states is impacted by changes in reported borrowing under AASB 16. From 2019-20, the debt to revenue ratio is estimated to be on average 3% higher across the budget and forward estimates due to the inclusion of operating leases (refer Box 3.1).

Leases and similar arrangements increase from 1 July 2019 due to the adoption of AASB 16 *Leases* (\$2.2 billion for General Government Sector and \$2.6 billion for NFPS, and recognition of new finance leases on the New Generation Rollingstock, Toowoomba Second Range Crossing as well as activity on the Cross River Rail PPP).

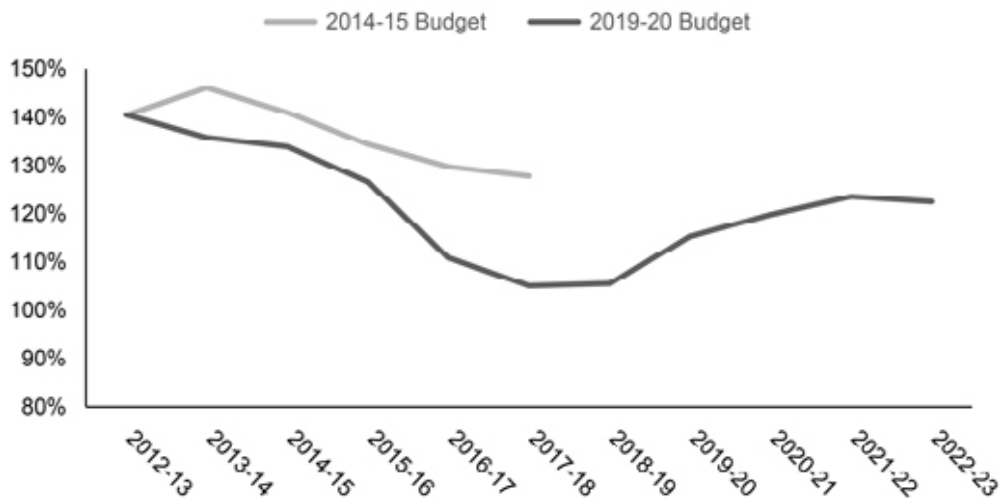
Across the forward estimates, the expected moderation in revenue growth and the timing of significant capital projects and associated borrowings, as well as the impacts of AASB 16, sees a gradual increase in the forecast debt to revenue ratio before a stabilisation in 2022-23. On average over the budget and forward estimates, the debt to revenue ratio is 71%.

In the NFPS, which comprises the General Government Sector and government-owned corporations, borrowing with QTC is forecast to be \$68.141 billion at 30 June 2019. The NFPS debt to revenue ratio reached a peak in 2012-13 of 140.5% (while it had been expected to reach 146% at the time of the 2014-15 Budget, this was not realised). Since then the debt to revenue ratio is forecast to reach 123% in 2021-22 before reducing to 122% in the following year.

Like the General Government Sector debt to revenue ratio, the NFPS ratio will rise across the forward estimates, but remains lower than then estimates made in the 2014-15 Budget, as shown in Chart 3.3.

Through measures taken in the 2019-20 Budget, growth in NFPS borrowing is expected to halve from 6% in 2020-21 to only 3% by 2022-23, such that the NFPS debt to revenue ratio is expected to decline beyond 2021-22, while borrowing costs are at historical lows.

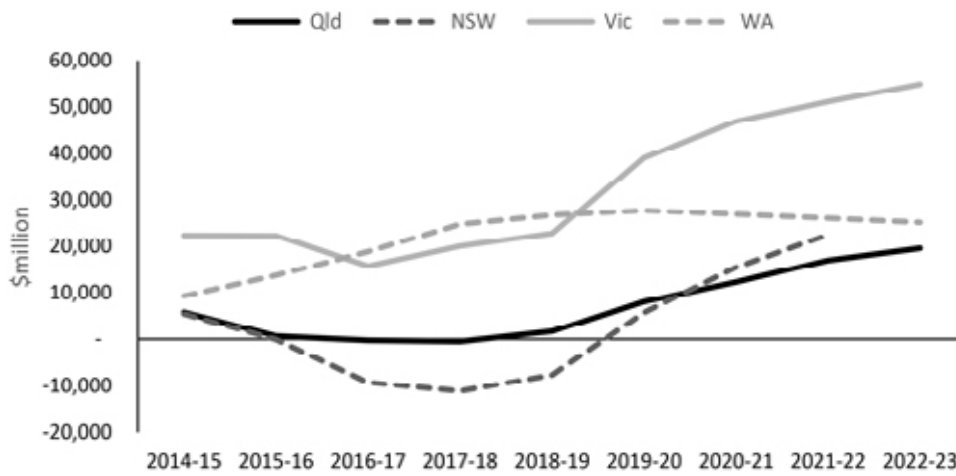
Chart 3.3 Non-financial Public Sector – Debt to Revenue Ratio



Another way of considering the sustainability of the State’s finances is the net debt measure, which factors in investments the State holds, as well as borrowings. Queensland is unique among Australian states in fully funding employee (superannuation) liabilities.

An interstate comparison of net debt shows that Queensland is well placed, with General Government net debt of \$1.661 billion expected at 30 June 2019. Across the forward estimates period, Queensland’s net debt is expected to be lower than in New South Wales, Victoria and Western Australia, as shown in Chart 3.4.

Chart 3.4 General Government Sector net debt interjurisdictional comparison



Note: At the time of publication of the Queensland 2019-20 State Budget, NSW had not yet released their 2019-20 Budget. Therefore, the NSW comparator does not include any potential increase in borrowings associated with AASB 16 *Leases* (refer Box 3.1).

The Government remains committed to maintaining the long-standing practice of ensuring that the State sets aside assets to meet long-term liabilities such as superannuation and WorkCover, in accordance with actuarial advice.

The State Actuary’s most recent valuations indicate that, as at 30 June 2018, both the defined benefit superannuation scheme and the WorkCover scheme were fully funded.

3.4 Achievement of fiscal principles

Table 3.4 provides a summary of the Government's progress in meeting its fiscal principles' targets.

Table 3.4 The fiscal principles of the Queensland Government

Principle	Indicator			
	General Government debt to revenue ratio			
	2018-19 MYFER %	2019-20 Budget %		
Excludes AASB 16 impact		Includes AASB 16 impact		
Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio. <i>Note: The debt to revenue ratio includes borrowings from QTC; leases and similar arrangements and securities and derivatives (refer Box 3.1). To allow comparison to MYFER, the 2019-20 Budget is reported as including and excluding the impact of AASB 16 Leases.</i>	2018-19	56	54	54
	2019-20	62	61	64
	2020-21	65	65	69
	2021-22	69	71	74
	2022-23	n.a.	73	76
		General Government net operating cash flows as a proportion of net investments in non-financial assets		
		2018-19 MYFER %	2019-20 Budget %	
Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenues rather than borrowing.	2018-19		70	79
	2019-20		44	60
	2020-21		48	64
	2021-22		44	55
	2022-23		n.a.	70
		General Government purchases of non-financial assets		
		2018-19 MYFER \$ million	2019-20 Budget \$ million	
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging.	2018-19		5,981	6,060
	2019-20		7,420	6,727
	2020-21		7,451	7,125
	2021-22		7,182	7,963
	2022-23		n.a.	6,179

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Principle	Indicator	
Maintain competitive taxation by ensuring that General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates.	General Government own-source revenue to GSP	
	2019-20 Budget:	8.5%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice.	Average across the forward estimates	8.1%
	As at the last actuarial review (as at June 2018), accruing superannuation liabilities were fully funded. The WorkCover scheme was also fully funded as at 30 June 2018.	
Maintain a sustainable public service by ensuring that overall growth in full-time equivalents (FTE) employees, on average over the forward estimates, does not exceed population growth.	<i>FTE growth</i>	
	Average across the forward estimates	1.68%
	<i>Population growth</i>	
	Average across the forward estimates	1¾%

4 Revenue

Features

- Total General Government Sector revenue is estimated to be \$60.068 billion in 2018-19, \$1.98 billion (or 3.4 per cent) higher than in 2017-18 and \$2.330 billion (or 4.0 per cent) higher than estimated in the 2018-19 Budget.
- Total General Government Sector revenue is estimated to be \$60.387 billion in 2019-20. The increase of \$319 million (or 0.5 per cent) from 2018-19 is largely driven by higher than expected taxation revenue in 2019-20 due to the introduction of the waste disposal levy and taxation measures introduced in this budget. These are partially offset by lower current grants compared to 2018-19, driven by lower GST revenue and other Australian Government grants.
- Australian Government payments to Queensland in 2019-20 are expected to total \$27.744 billion, representing a decrease of \$628 million compared to payments in 2018-19. This decrease is driven by a \$746 million (2.8 per cent) decrease in GST revenue and other Australian Government grants. This is partially offset by a \$119 million (6.3 per cent) increase in Australian Government capital grants.
- The downward revision to GST revenue is primarily due to the Australian Government revising down its estimate of the GST pool and a reduction in Queensland's share of the GST pool. Chapter 7 provides a detailed analysis on Queensland's share of GST revenue and other Australian Government payments to Queensland.
- Total revenue is expected to grow at an average rate of 2.2 per cent over the four years to 2022-23. Revenue growth over this period is supported by average annual growth in taxation of 5.8% and current grants of 2.1 per cent but is also affected by declining royalties with coal prices expected to return to medium-term levels, lower interest income due to a reduction in the portfolio of financial assets held, and lower dividends from the Public Non-financial Sector.
- Queensland will maintain its competitive tax status, with per capita state tax estimated at \$2,952 in 2019-20, compared to an average of \$3,618 for the other states and territories. Taxation as a proportion of Queensland's economy will be 4.0 per cent in 2019-20, down from the peak of 4.3 per cent in 2014-15.
- The Government will introduce changes to payroll tax to reduce the tax payable by small businesses by increasing the exemption threshold, introducing a rate reduction for regional employers, as well as providing a temporary rebate to businesses that take on new employees and will maintain its apprentice and trainee rebate until 30 June 2021. These measures will be partially funded by the introduction of a higher rate of 4.95% for businesses with taxable wages above \$6.5 million per annum. Combined, the payroll tax package is estimated to have a net revenue reduction of \$341 million over the four years ending 2022-23.

- The Government will increase land tax rates by 0.25 percentage points for companies and trustees with aggregated landholdings over \$5 million. The absentee land tax surcharge will be increased to 2 per cent and will also apply to foreign companies and trustees of foreign trusts. Revenue is expected to increase by \$778 million over the four years up to 2022-23. The definition of absentee for the purposes of land tax will also be refined to exclude Australian citizens and permanent residents holding permanent visas.
- The petroleum royalty rate will increase by 2.5 per cent to 12.5 per cent from 2019-20 onwards, with a transitional arrangement for one year for royalty payers who lodge and pay on an annual basis ending on 31 December 2019. This will lead to additional revenue of \$476 million across the four years until 2022-23.

4.1 Queensland Revenue Outlook

According to the latest National Account figures, GDP growth slowed to 1.8% (seasonally adjusted) over the year to March quarter 2019, the weakest annual growth since 2009. The Australian economy grew 0.4% in the March Quarter, while Queensland's domestic activity did the heavy lifting with the strongest growth in state final demand of all the mainland states at 0.5% (seasonally adjusted) for the same period.

Like the rest of the nation, Queensland is relying on the Commonwealth to provide the fiscal stimulus to the economy necessary for growth. Queensland will continue to deliver economic growth and prosperity through the delivery of programs which directly and indirectly drive economic growth. However, like all states and territories, Queensland is reliant on the Commonwealth Government to implement policies and programs that drive growth.

Reserve Bank of Australia (RBA) Governor Philip Lowe has commented that he would prefer government pull its weight by cutting tax and boosting spending, especially on infrastructure, and through policies that make Australia more productive.

Speaking publicly in May, the RBA Governor stated:

“the best approach to delivering lower unemployment and a stronger economy is through structural policies that support firms expanding, investing, innovating and employing people. As we ease monetary policy, it is in the country's interest that other policy options are considered too.”

Queensland will continue to implement programs with a positive impact on driving economic and revenue growth, through public spending on infrastructure and funding programs supporting private sector investment.

Key elements in this Budget to deliver growth are underpinned by the measures to make Queensland the most attractive place to establish and operate a business in the nation. The policy settings of the Queensland Government are firmly focused on driving opportunities for growth.

Queensland ownership of energy assets allows for the use of necessary levers to drive down energy costs to business and keep household costs low. Additionally, Queensland's support for the LNG industry has delivered LNG revenues in 2018-19, with the value of LNG exports now twice the value of thermal coal exports. A continued commitment to growing this important export industry for the international market and providing tenements reserved for the production of gas for the domestic market will provide the necessary energy needs for industry and to provide additional exports from Queensland to the National Energy Market.

Since December 2016, 24 large-scale renewable projects have commenced operations, and a further 11 projects are financially committed or under construction in Queensland. This growth in the sector has led to significant employment gains, with the number of jobs in renewable energy increasing to 5,080 in 2017-18, a 44% growth over the year.

Queensland continues to focus its efforts on policies which drive capital investments in sectors and initiatives which will in turn grow investment and revenues including:

North West Minerals Province: Provisioning for a more efficient and effective route to export for the North West corridor for minerals of the future. Providing support for this area to open up new mineral resource to meet emerging domestic and global demand for resources. This will grow the industry and grow the resource revenue base.

Export Hubs: The Government is currently working with industry to grow export hubs. This has progressed to business case stage with \$10 million to partner with the private sector to deliver an export facility to expedite channels to market for Queensland agriculture and horticulture products.

Expansions at the Port of Townsville and the Cairns Port: To drive trade revenues.

Further funding to the Port of Gladstone: To grow capacity and export efficiency which in turn will grow royalty revenues.

Hydrogen Strategy: \$19 million to establish an agenda for renewable hydrogen industry attraction and to incentivise job creation, regional growth and increased innovation and development.

Global Tourism Gold Coast and Cairns: The Government is in the market for proposals from the private sector to deliver world-class tourism infrastructure to develop integrated resorts. These will have a broad range of tourist related facilities and attractions, and provide high-quality accommodation and a range of experiences encouraging longer visitor stays and greater tourism expenditure.

Advanced manufacturing: The Queensland Government is supporting the development of advanced manufacturing technologies, systems, products and services. The manufacturing sector is a major contributor to jobs and the economy. The Rheinmetall Defence Australia manufacturing facility based in Ipswich is playing a key role in further developing Queensland's heavy vehicle and defence manufacturing capability

The Government recognises the positive impact of these initiatives on driving revenue growth. Importantly, any revenues which may flow from these investments have not been incorporated in the forward estimates. However, Government considers these as providing the foundation for future potential revenue streams as the benefits from the investments begin to flow into the State's economy.

4.2 2018-19 estimated actual

General Government Sector revenue in 2018-19 is estimated to be \$60.068 billion, which is \$2.33 billion (or 4.0%) more than the 2018-19 Budget estimate. Significant variations from the 2018-19 Budget estimates include:

- a \$796 million (or 3.1%) increase in current grants, mainly due to additional funding from the Australian Government under Disaster Recovery Funding Arrangements to support North Queensland communities recover from the impacts of the 2019 floods and the upfront payment of a three-year agreement to assist disaster-affected primary producers in North and Far North Queensland.
- a \$750 million (or 16.2%) increase in revenue from royalties and land rents, mainly resulting from higher coal prices continuing for longer than expected in the 2018-19 Budget, with \$677 million of this revision made at the 2018-19 MYFER.
- a \$247 million (or 37.0%) increase in income tax equivalent income supported by increased earnings from electricity generation and network businesses.

These increases were partially offset by lower than estimated taxation revenue.

Table 4.1 General Government Sector revenue¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Taxation revenue	13,244	14,155	14,005	15,164	15,777	16,601	17,525
Sales of goods and services	5,884	5,731	5,869	6,004	6,190	6,307	6,389
Interest income	2,389	2,201	2,247	2,141	2,006	1,953	1,958
Grants revenue							
GST Revenue	15,129	14,794	14,441	14,214	14,204	14,907	15,357
Other current grants	10,968	11,207	12,356	11,789	12,873	13,219	13,790
Capital grants	1,870	1,700	1,913	2,000	2,769	2,545	2,256
Dividend and income tax equivalent income							
Dividends	1,909	1,552	1,749	1,473	1,054	1,080	1,205
Income tax equivalent income	1,010	666	912	764	600	600	642
Other revenue							
Royalties and land rents	4,457	4,615	5,364	5,621	4,770	4,799	4,918
Other	1,228	1,118	1,211	1,217	1,487	1,572	1,500
Total revenue	58,087	57,738	60,068	60,387	61,729	63,583	65,540

Notes:

1. Numbers may not add due to rounding.
2. Queensland Treasury estimates. Differs from Chapter 7 due to the inclusion of direct Australian Government payments to Queensland agencies for Commonwealth own purpose expenditure.

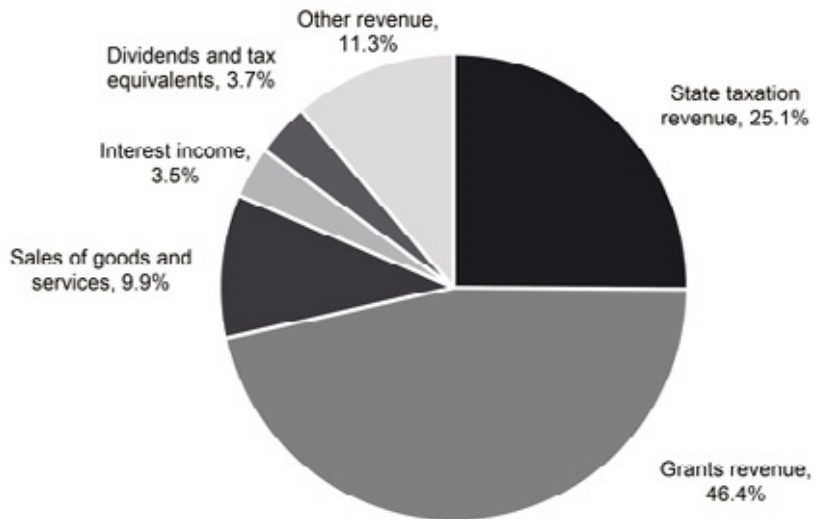
4.3 2019-20 revenue by category

General Government Sector revenue in 2019-20 is estimated to be \$60.387 billion, \$319 million (or 0.5%) higher than the 2018-19 estimated actual revenue of \$60.068 billion. The revenue increase in 2019-20 reflects a range of factors, including:

- Taxation revenue is expected to be \$1.159 billion higher than in 2018-19, reflecting the introduction of the new waste disposal levy, the new measures outlined in Section 4.3, and expected annual growth in most tax lines.
- Royalty collections are expected to be \$252 million higher than in 2018-19, reflecting the new petroleum royalty rate and increased revenue from other royalties, including base and precious metals.
- These increases were partially offset by current grants that are expected to be \$794 million lower in 2019-20 than in 2018-19, mainly due to lower GST and other Australian Government payments. Dividends and income tax equivalent income are also forecast to be \$424 million lower in 2019-20.

Major sources of General Government Sector revenue in 2019-20 are grants revenue (46.4%) and taxation revenue (25.1%). Table 4.1 details revenue estimates by category, and Chart 4.1 illustrates the composition of General Government Sector revenue.

Chart 4.1 Revenue by operating statement category, 2019-201



Note:

1. Numbers may not add up to 100% due to rounding.

4.4 2019-20 Budget initiatives

The 2019-20 Budget introduces new revenue measures including:

- changes to payroll tax including:
 - reducing tax payable for small businesses by increasing the exemption threshold to \$1.3 million
 - introducing a 1% rate reduction for regional employers
 - providing a temporary rebate of up to \$20,000 to businesses taking on new employees
 - continuing the 50% payroll tax rebate on the wages of apprentices and trainees until 30 June 2021
 - increasing the payroll tax rate for employers with taxable wages above \$6.5 million
- changes to land tax including:
 - changes to the definition of absentee for land tax to ensure that Australian citizens and permanent residents who hold permanent visas are not absentees

- increases to land tax rates for companies and trustees with aggregated landholdings over \$5 million
- an increase in the absentee land tax surcharge from 1.5% to 2%
- introduction of a foreign land tax surcharge of 2% applying to foreign companies and trustees of foreign trusts
- increasing the petroleum royalty rate from 10% to 12.5% of wellhead value from 2019-20 onwards
- increasing resourcing for Treasury to undertake a program of additional targeted tax compliance activities to ensure all Queenslanders are paying their fair share of taxes.

4.4.1 Payroll tax

The Government will increase the payroll tax threshold from \$1.1 million to \$1.3 million, while retaining the current \$1 in \$4 rate of reduction so that a deduction will be available if total annual Australian taxable wages are less than \$6.5 million. This will reduce the amount of tax paid by around 12,000 employers and around 1,500 employers will no longer form part of the payroll tax base.

A payroll tax increase for employers (or groups of employers) with taxable wages above \$6.5 million of 0.2% to 4.95% will also be introduced. The tax rate of 4.75% will be maintained for employers with annual taxable wages of \$6.5 million or less.

The Government will provide a 1% discount of the payroll tax rate to employers that have an ABN registered business address and at least 85% of their taxable wages paid to employees located outside South-East Queensland. Accordingly, a tax rate of 3.75% or 3.95% as applicable will apply to those businesses.

A payroll tax rebate of up to \$20,000 per employer per year will also be provided, for the 2019-20 and 2020-21 financial years, to employers that can demonstrate a net increase in full time employees. The rebate will be paid in the 2020-21 and 2021-22 financial years.

The Government is continuing the 50% payroll tax rebate on the wages of apprentices and trainees until 30 June 2021.

Combined, the payroll tax package is estimated to have a net revenue reduction of \$341 million over the four years ending 2022-23.

4.4.2 Petroleum royalty rate

The petroleum royalty rate will increase from 10% to 12.5% of wellhead value from 2019-20 onwards, with a transitional arrangement for one year for royalty payers who lodge and pay on an annual basis ending on 31 December 2019. This measure will increase revenue by \$476 million across the four years to 2022-23.

An increased petroleum royalty rate helps ensure a reasonable return is made to the community for the extraction of Queensland resources, and a rate of 12.5% for petroleum remains competitive with other royalty regimes internationally. For example, petroleum royalties in the USA and Canada are generally charged at a rate between 12.5% and 30% of the wellhead value. The new petroleum royalty rate is comparable with the near-term average royalty rate of just around 12% for high quality coking (metallurgical) coal at current prices.

The Government will also review the design of Queensland's current petroleum royalty regime to ensure greater certainty and equity for all parties and consider if there are opportunities to simplify the current regime, while providing an appropriate return to Queenslanders. While the Government has already taken measures to ensure greater certainty of domestic gas supply (for example, through release of gas tenures specifically to supply domestic gas), the review will identify further opportunities to strengthen domestic supply through the royalty regime settings.

4.4.3 Company, Trustee and Absentee land tax

For companies and trustees with aggregated landholdings over \$5 million, the Government will increase land tax rates by:

- 0.25 cents to 2.25 cents for each dollar above \$5 million
- 0.25 cents to 2.75 cents for each dollar above \$10 million.

These changes are estimated to increase revenue by \$238 million over the four years to 2022-23. The land tax rates for resident individuals remain unchanged.

For the 2019-20 Budget, the Government is changing the land tax policy settings for foreign companies and trustees of foreign trusts, which will be subject to a foreign surcharge from the 2019-20 land tax assessment year. This surcharge will be 2% and at the same time, the absentee surcharge is being increased from 1.5% to 2%.

The Government recognises that there may be particular landholdings where it would be appropriate, having regard to exceptional circumstances to be considered on a case-by-case basis, to grant foreign companies and trustees of foreign trusts *ex gratia* relief from the new foreign surcharge. Prior to 30 June 2019, the Office of State Revenue will commence consultation with property industry bodies on the arrangements for administering relief.

The Government is also making changes to the definition of absentee for land tax to ensure that Australian citizens and permanent residents who hold permanent visas are not absentees. Currently, a person may be considered an absentee if they do not ordinarily reside in Australia, including a person who is absent from Australia on 30 June or has been absent from Australia for more than 6 months ending on 30 June. Factors such as the reason for absence and the time spent outside of Australia are taken into consideration when determining an absentee status. This can result in Australian citizens and permanent residents being classed as absentees, with a lower tax-free threshold, higher rates of land tax and an additional land tax surcharge applying to them.

From the 2019-20 land tax assessment year, Australian citizens and permanent residents holding permanent visas who do not ordinarily reside in Australia will no longer be assessed as absentees for land tax purposes. This means they will benefit from the higher tax-free threshold of \$600,000 and lower rates of land tax currently applying to resident individuals and will not be subject to the absentee surcharge.

Increasing the surcharge to 2% and refining its application to exclude Australian citizens and permanent residents brings Queensland's land tax policy settings into closer alignment with those of New South Wales and Victoria.

In net terms, changes to the definition of absentee and the increased absentee surcharge rate together with the extension of the surcharge will raise an estimated \$540 million additional revenue over the four years to 2022-23.

4.4.4 Compliance Measures

The Government will increase resourcing for Treasury to undertake a program of additional targeted tax compliance activities to ensure all Queenslanders are paying their fair share of taxes, reconciling with broader public interest. The program will target key taxes such as payroll tax, land tax, transfer duty and royalties. It will maintain the integrity of the state tax base and build further community confidence in the equity and fairness of Queensland's tax system and its administration.

The compliance work program is expected to increase compliance-related revenue, net of the additional costs, by \$220 million over the four years ending 2022-23. It will also generate additional recurrent revenues from the entry of new tax payers into the tax system.

4.5 Queensland's revenue trends

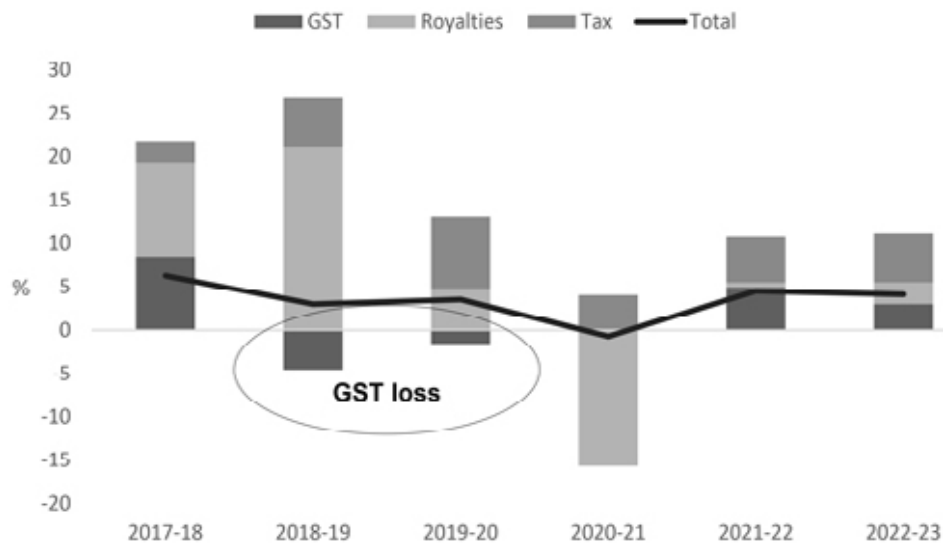
Total revenue growth is mainly driven by growth in GST, royalties, and taxation.

Total revenue growth is estimated to be 2.2% on average over the four years to 2022-23. This is far lower than the 7.3% average growth over the last fifteen years to 2017-18. This lower growth is driven by slower growth in GST revenue provided by the Australian Government. GST revenue accounts for 23.5% of total revenue expected in 2019-20, however it is only expected to grow by 1.5% per year on average over the four years to 2022-23.

Royalties were the largest driver of growth in 2018-19, due to the continued strength in the hard coking coal price. In 2019-20, taxation revenue contributes the largest proportion to growth. In 2020-21 royalties and GST revenue are both expected to decline.

Chart 4.2 examines the contribution of the key revenue sources of GST, taxation and royalties to revenue growth and incorporates the impacts of new measures discussed in Section 4.3.

Chart 4.2 Growth in key revenues¹



Note:

1. Annual growth in GST, royalties, and taxes. Total is the annual growth of the sum of the three categories.

4.5.1 GST revenue

Queensland’s GST revenue is expected to decline in 2019-20, compared to 2018-19. This decline in GST revenue is primarily because the Australian Government

- significantly revised down the growth of the GST pool from 2018-19
- determined that Queensland has improved its fiscal capacity to deliver services relative to other states, and therefore requires a lesser share of GST.

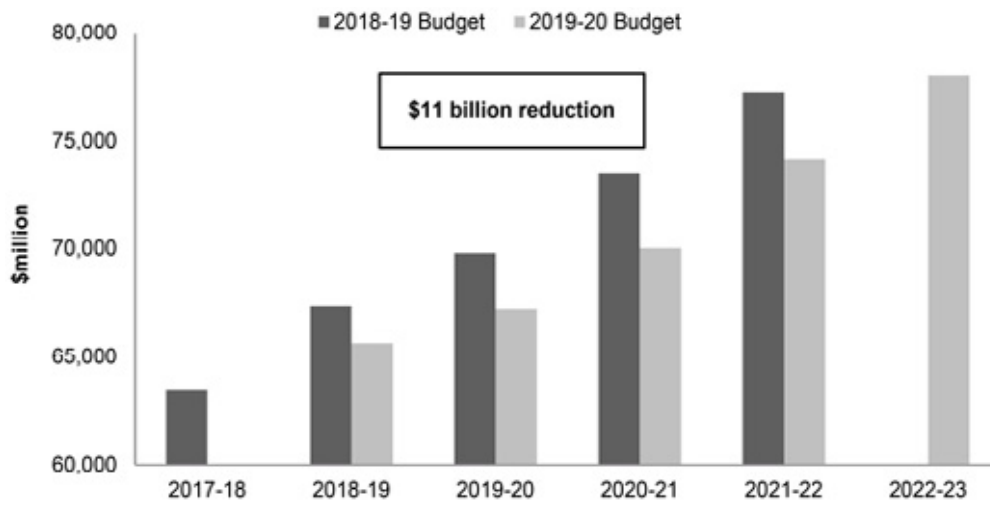
As a result, despite the GST pool continuing to grow, albeit slower than previously forecast, Queensland is the only state to receive less GST revenue in 2019-20 than in 2018-19.

Revisions to the GST pool

The decrease in GST revenue in 2019-20 reflects the Australian Government’s outlook for the size of the GST pool. Since the Australian Government’s 2018-19 Budget, the GST pool estimate is around \$11 billion lower over the years 2018-19 to 2021-22.

Chart 4.3 compares GST revenue pool forecasts published in the 2018-19 and 2019-20 Australian Budgets. This reflects that the GST pool forecasts at the 2019-20 Australian Budget are lower in each year compared to those forecast at the 2018-19 Australian Budget.

Chart 4.3 Australian Government forecast of GST revenue pool



Changes to assessed fiscal capacity

A further driver for the decline in Queensland’s GST revenue is the Australian Government accepting the Commonwealth Grants Commission’s (CGC’s) assessment that Queensland’s fiscal capacity has strengthened relative to other states and territories. This reflects improved mining royalties, lower natural-disaster-related expenditure, and a greater share of other Australian Government grants. Queensland is the only state to receive less GST revenue in 2019-20 compared to 2018-19.

Queensland’s value of coal production increased substantially between 2014-15 and 2017-18, which increased its revenue raising capacity and reduced its GST share. Between 2014-15 and 2017-18, the value of coal production rose by more than any other mineral. This increased the revenue raising capacity of the biggest coal producer, Queensland, and reduced the capacities of other States.

Queensland’s net natural disaster expenses were significantly lower in 2017-18 compared to 2014-15.

A further driver to the downward revision to Queensland’s relativity in 2019-20 was the CGC’s decision to adjust its method for assessing natural disaster expenditure, ignoring state expenditure on disaster-affected local government infrastructure.

4.5.2 Royalty revenue trends

Royalties were the largest driver of growth in 2018-19, due to the continued strength in the hard coking coal price. Lower revenue growth from royalties is expected in 2019-20 compared to 2018-19 due to an expected decline in coal prices during 2019-20.

Total royalty revenue is expected to decline in 2020-21 in line with coal prices gradually declining to medium-term levels by early 2021. This is followed by growth of 0.6% in 2021-22 and 2.5% in 2022-23.

4.5.3 Taxation revenue trends

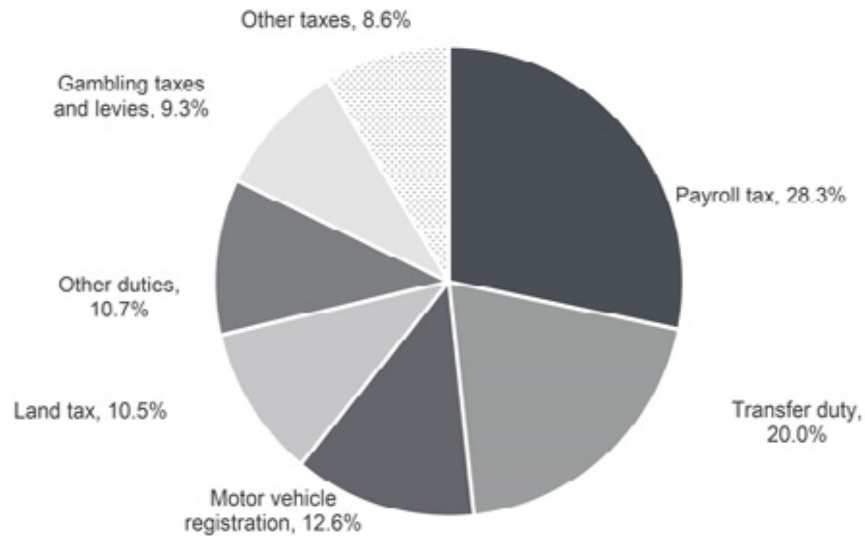
Total revenue growth over the forward estimates is mainly driven by moderate taxation revenue growth, averaging 5.8% over the four years to 2022-23, supported by expected growth in major taxes such as payroll tax, transfer duty and land tax, and by the introduction of the Waste Disposal Levy. Taxation revenue as a proportion of Queensland's economy will remain stable over this period rising only slightly from 4.0% in 2019-20 to 4.1% in 2022-23, below the recent peak of 4.3% in 2014-15.

4.6 Taxation revenue

Total revenue from taxation is expected to grow by 8.3% in 2019-20, following an estimated increase of 5.7% in 2018-19. Chart 4.4 indicates the composition of estimated State taxation revenue for 2019-20. The largest sources are payroll tax and transfer duty, which together represent around 48.3% of the State's total taxation revenue in 2019-20.

Payroll tax has a relatively stable base with its growth usually driven by the underlying strength of the economy. Transfer duty can present some variability reflecting residential and non-residential market conditions. While land tax can reflect variability in the property market, this impact is moderated by a relatively stable base and the effect on assessments from three-year averaging of land values.

Chart 4.4 State taxation by tax category, 2019-20¹



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. Increases in 2019-20 are driven by the introduction of the Waste Disposal Levy and other new revenue measures commencing in 2019-20. In addition, 2019-20 is the first full year in which the 15% betting tax applies, which commenced on 1 October 2018. This was introduced in the 2018-19 Budget in response to changing consumer behaviour facilitated by increased use of online and interactive technologies.

Table 4.2 State taxation revenue¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Payroll tax	3,906	4,158	4,284	4,435	4,728	5,107
Duties						
Transfer	3,023	3,049	3,038	3,205	3,383	3,578
Vehicle registration	543	557	583	611	640	670
Insurance ²	894	957	1,005	1,056	1,108	1,164
Other duties ³	37	35	36	37	39	40
Total duties	4,498	4,598	4,663	4,909	5,170	5,451
Gambling taxes and levies						
Gaming machine tax	715	733	765	797	832	867
Health Services Levy	85	90	98	107	116	127
Lotteries taxes	256	306	314	322	331	340
Wagering taxes	9	74	101	103	105	108
Casino taxes and levies	104	110	113	117	120	124
Keno tax	20	19	20	21	22	22
Total gambling taxes and levies	1,190	1,331	1,410	1,466	1,526	1,588
Other taxes						
Land tax	1,180	1,331	1,589	1,670	1,744	1,807
Motor vehicle registration	1,770	1,847	1,908	1,977	2,049	2,124
Emergency Management Levy	512	538	559	584	610	637
Waste Disposal Levy	—	—	433	397	413	435
Guarantee fees	138	154	271	291	311	324
Other taxes ⁴	51	48	47	48	49	50
Total taxation revenue	13,244	14,005	15,164	15,777	16,601	17,525

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.

4.6.1 Queensland’s competitive tax status

Taxation can impact on business decisions regarding investment and employment, and household investment and home ownership. Maintaining the competitiveness of Queensland’s tax system provides a competitive advantage to business and moderates the tax burden for its citizens, and is therefore fundamental to the Government’s commitment to job creation and sustainable development.

One of the Government’s fiscal principles is to maintain competitive taxation by ensuring General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product (GSP), on average, across the forward estimates. Own-source revenue is the total State revenue less any grants received from external sources, mainly the Australian Government. On average, over the years 2018-19 to 2022-23, General Government own-source revenue is expected to account for 8.1% of nominal GSP, reducing from 8.5% in 2018-19 to 7.9% in 2022-23. Chapter 3 provides more detail on the Government’s fiscal principles.

As Chart 4.5 shows, taxation per capita in Queensland is lower than the average taxation per capita in the other states and territories. In 2019-20, it is estimated that Queensland’s taxation per capita of \$2,952 will be \$666 per capita less than the average of other jurisdictions. This is more competitive than 2014-15 when Queensland’s taxation per capita was \$589 per capita below other jurisdictions.

Chart 4.5 Taxation per capita, 2019-20



Sources: 2019-20 Budgets for all jurisdictions except NSW, where Pre-Election Budget Update is used, and SA where 2018-19 Mid-year Update is used. Population data from 2019-20 Australian Budget.

Table 4.3 demonstrates that the Queensland tax system remains amongst the most competitive in Australia, using various measures of tax competitiveness.

Queensland's tax effort, as measured by the CGC, was 10.9% below the national average in 2017-18. A third measure of competitiveness, taxation as a share of GSP, also confirms that Queensland's taxes are competitive with other states.

The taxation effort metric is based on 2017-18 data from the CGC's 2019 Update using total tax revenue effort for assessed taxes (payroll, transfer duty, land tax, insurance duty and motor vehicle taxes). Revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases.

Table 4.3 Tax competitiveness

	NSW	Vic.	Qld	WA	SA	Tas. ³	ACT ⁴	NT ³	Avg ⁵
Taxation per capita ¹ (\$)	3,926	3,637	2,952	3,455	2,697	2,264	4,729	2,175	3,618
Taxation effort (%)	103.9	101.7	89.1	101.7	103.9	89.4	95.9	89.7	100.0
Taxation % of GSP ² (%)	5.2	5.4	3.8	3.3	4.3	3.8	4.3	2.4	4.7

Notes:

1. 2019-20 Budgets for all jurisdictions except NSW, where Pre-Election Budget Update is used, and SA where 2018-19 Mid-year Update is used. Population data from 2019-20 Australian Budget.
2. 2017-18 data. Sources: Australian Bureau of Statistics 5512.0 and ABS 5220.0.
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).

4.6.2 Payroll tax

Changes to payroll tax, as discussed in Section 4.3, will benefit small business and support employment growth in businesses. Additionally, the businesses with annual taxable wages greater than \$6.5 million will be subject to a slightly higher payroll tax rate.

All regional businesses subject to payroll tax can benefit from the discounted payroll tax rate and those businesses that can demonstrate a net increase in full time employees can benefit from a payroll tax rebate of up to \$20,000 per employer per year.

A deduction will be available if an employer's total annual Australian taxable wages are up to \$6.5 million. The maximum annual deduction will be \$1.3 million which phases out at a rate of \$1 for every \$4 of taxable wages above the threshold.

The increased payroll tax threshold of \$1.3 million is designed to ensure small businesses are subject to either no or minimal payroll tax.

The average annual payroll tax growth is forecast to be 5.3% over the four years to 2022-23, compared to the average of 7.4% over the period from 2002-03 to 2017-18.

4.6.3 Duties

Transfer duty

There are no changes to transfer duty rates in the 2019-20 Budget. Transfer duty is charged at various rates on the transfer of real and business property. The Queensland Government offers extensive concessions for the transfer of land where the property is purchased as a home. For example, eligible home buyers pay a 1% concessional rate on dutiable values up to \$350,000, rather than the normal schedule of rates between 1.5% and 3.5%. 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.

After growing by 0.9% in 2018-19, revenue from transfer duty is expected to be 0.3% lower in 2019-20. Revenue from transfer duty is expected to grow at an average rate of 4.1% over the four years to 2022-23.

Compared to the 2018-19 Budget forecasts, revenue from transfer duty is expected to be 5.1% lower in 2018-19, and on average around 10% lower in each of the out years.

These revisions are largely due to lower than expected revenue from residential transfer duties compared with the 2018-19 Budget. Revenue from residential transfer duties have been revised down from the 2018-19 Budget by 13% in 2018-19, and 15.6% in 2019-20.

These revisions are driven by a sharp decline in the volume of residential property transactions experienced over the first half of 2018-19, particularly for investors. With transaction volumes appearing to have stabilised over recent months, the scale of transfer duty revisions is much lower than seen in Victoria and New South Wales. This is also partly due to house prices in Queensland remaining relatively stable, compared with significant declines in the southern capitals.

Recent improvement has occurred with auction clearance rates and sale prices in NSW and Victoria showing signs of improvement. Additionally, the RBA's recent cut to its official interest rate by 0.25 percentage points to 1.25% and APRA's decision to ease lending standards may provide some improvement in the market conditions in 2019-20.

The downward revisions in 2018-19 are partially offset by an upward revision to transfer duty from large transactions of 17.1% since the 2018-19 Budget. Following this strong growth in 2018-19 collections, growth in transfer duty from large transactions is expected to normalise in 2019-20 although these transactions can be volatile.

Vehicle registration duty

There are no changes to vehicle registration duty rates in the 2019-20 Budget. 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 4.7% in 2019-20.

4.6.4 Gambling taxes and levies

There are no changes to gambling tax rates in the 2019-20 Budget. A range of gambling activities are subject to State taxes and levies. Total gambling tax and levy collections are estimated to grow by 5.9% in 2019-20, and 4.5% on average over the four years to 2022-23, with these growth rates supported by increased revenue from the point of consumption tax on betting (betting tax).

4.6.5 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.

Land tax is estimated to grow to \$1.589 billion in 2019-20 and this includes the impact of new marginal land tax rates for companies and trustees and the changes to the absentee land tax surcharge as outlined in Section 4.4.3.

4.6.6 Waste Disposal Levy

The Waste Disposal Levy, announced in the 2018-19 Budget, will commence on 1 July 2019 and will apply to 39 local government areas, covering more than 90% of the State's population. The waste disposal levy will apply to all general waste streams.

The levy will be set at \$75 per tonne for general waste, increasing by \$5 per annum for the first three years. Seventy per cent of proceeds from the waste levy will be used for waste programs, environmental priorities and community purposes.

Revenue of around \$433 million is expected from the Waste Disposal Levy in 2019-20. This is expected to decline to around \$397 million in 2020-21, reflecting expected behavioural changes in waste being disposed of in landfill following the introduction of the levy.

4.6.7 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. Appendix B provides details of tax expenditure arrangements currently provided by the Queensland Government.

4.7 Grants

Grants revenue is comprised of Australian Government grants, grants from the community and industry, and other miscellaneous grants. The 2.5% decline in grants revenue in 2019-20 is driven by a decline in GST revenue and other Australian Government grants.

Table 4.4 Grants revenue¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Current grants						
GST revenue grants ²	15,129	14,441	14,214	14,204	14,907	15,357
Other Australian Government Grants ³	10,665	12,053	11,534	12,625	12,972	13,543
Other grants and contributions	303	303	255	248	247	248
Total current grants	26,096	26,797	26,003	27,077	28,126	29,147
Capital grants						
Australian Government grants	1,782	1,878	1,997	2,769	2,524	2,242
Other grants and contributions	88	35	4	0	21	14
Total capital grants	1,870	1,913	2,000	2,769	2,545	2,256
Total Australian Government payments	27,576	28,372	27,744	29,597	30,403	31,141
Total grants revenue	27,965	28,709	28,003	29,846	30,670	31,404

Note:

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.

4.7.1 Australian Government payments

Australian Government payments to Queensland in 2019-20 are expected to total \$27.744 billion, representing a decrease of \$628 million compared to payments in 2018-19. This decrease is driven by a \$227 million (1.6%) decrease in GST revenue and a \$519 million (4.3%) decrease in other Australian Government grants. This is partially offset by a \$119 million (6.3%) increase in Australian Government capital grants.

Queensland is the only state to receive less GST revenue in 2019-20 compared to 2018-19. Queensland's GST revenue will be lower in 2019-20 primarily because the Australian Government has significantly revised down the growth of the GST pool from 2018-19 and accepted the CGC's assessment that Queensland should receive a smaller share. This reflects improved mining royalties, lower natural-disaster-related expenditure, and a greater share of Australian Government grants.

As a result, despite the GST pool continuing to grow, albeit slower, Queensland is the only state to receive less GST revenue in 2019-20 than in 2018-19.

The decline in payments to Queensland for Australian Government grants is primarily due to the redirection of National Disability SPP funding in 2019-20 to the National Disability Insurance Scheme (NDIS).

Other drivers of the reduction in Australian Government grants include:

- the Australian Government making an upfront payment in 2018-19 for a three-year agreement to assist disaster-affected primary producers in North and Far North Queensland; and
- seven non-infrastructure National Partnership Agreements expiring on 30 June 2019.

Chapter 7 provides detailed background on federal-state financial arrangements, including Queensland's share of GST revenue and other Australian Government payments to Queensland.

4.7.2 Other grants and contributions

Other grants and contributions are funds received from other state and local government agencies, other bodies and individuals. Contributions exclude Australian Government grants and user charges. The main sources of contributions are those received from private enterprise and community groups to fund research projects and community services and contributed assets and goods and services received for a nominal amount.

4.8 Royalty revenue

The State earns royalties from the extraction of coal, base and precious metals, bauxite, petroleum and gas, mineral sands and other minerals. Royalties ensure some of the proceeds of the extraction of non-renewable resources are returned to the community. Land rents are also earned from pastoral holdings, and mining and petroleum leases. Royalties and land rents are detailed in Table 4.5.

Table 4.5 Royalties and land rents¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Coal	3,737	4,363	4,339	3,461	3,468	3,604
Petroleum ²	187	450	577	620	638	630
Other royalties ³	372	389	538	520	522	510
Land rents	162	163	168	169	172	174
Total royalties and land rents	4,457	5,364	5,621	4,770	4,799	4,918

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 comes 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, as well as lower values per tonne of 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 and a recovery in prices compared to those experienced during 2015-16 and 2016-17.

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.

Appendix C outlines key parameter assumptions, and the sensitivity of coal royalty estimates to individual changes in price, volume and exchange rate parameters.

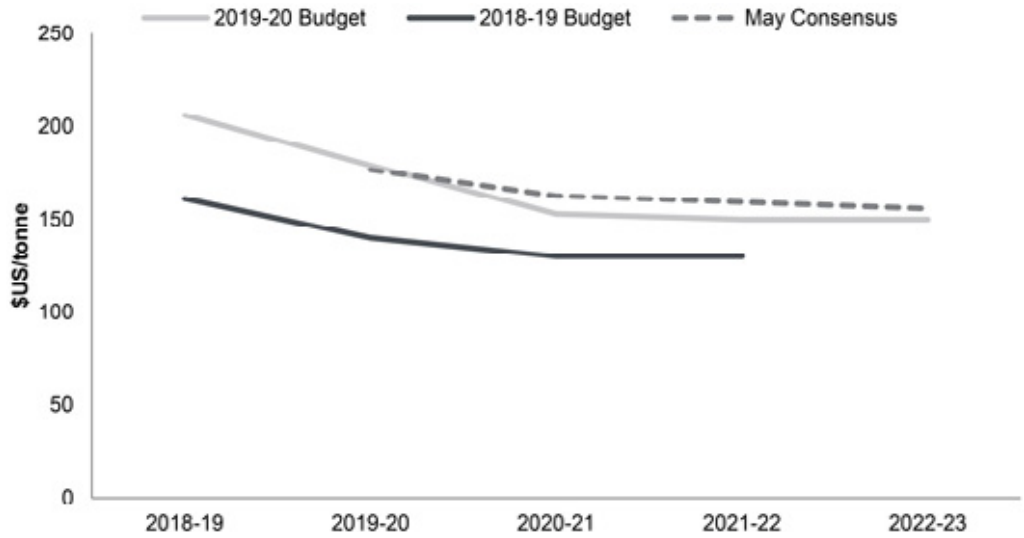
4.8.1 Coal royalties

Coal prices have remained elevated since the development of forecasts for the 2018-19 MYFER. Royalty forecasts in the 2019-20 Budget incorporate ongoing near-term strength in hard coking coal prices, and a gradual trajectory towards a medium-term expectation of US\$150 per tonne by the end of 2020.

On a year average basis, the premium hard coking coal price is estimated to have increased 3% in 2018-19 to \$US206 per tonne, and is expected to decline by 13% to \$US179 per tonne in 2019-20.

Chart 4.6 shows coking coal price forecasts compared to the 2018-19 Budget and average quarterly price from the latest Consensus Economics forecasts. The Australian Government’s 2019-20 Budget assumed that the coking coal spot price would decline over the next year to reach US\$150 per tonne by the end of the March quarter 2020. Revisions since the 2018-19 Budget are in line with Consensus Economics forecasts in the next few years, with a degree of conservatism in the medium-term.

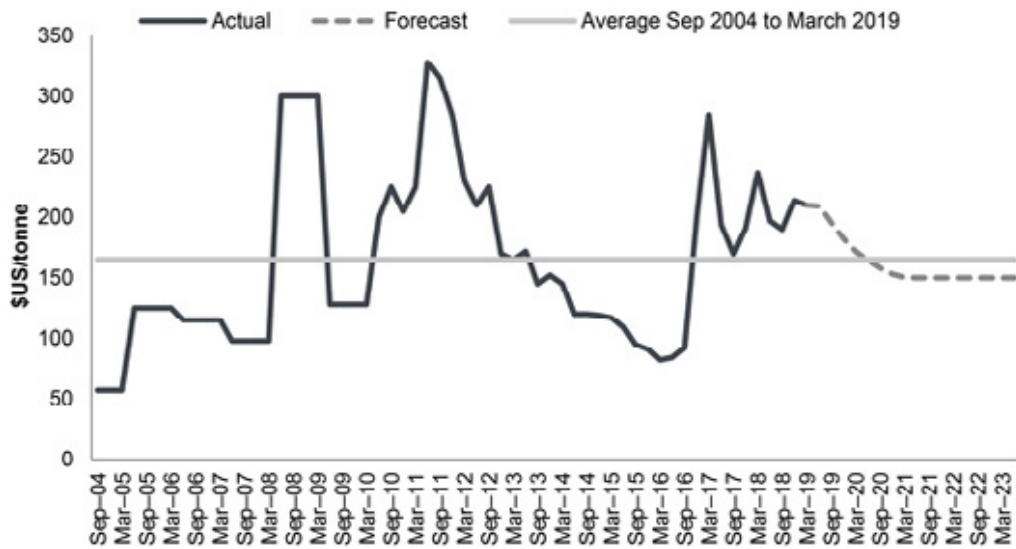
Chart 4.6 Coking coal price forecasts by iteration



The royalty impact of upward revisions to coal prices has been partially offset by downwards revisions to forecasts of coal export tonnages. Lower crown export tonnages are primarily due to a weakened outlook for the industrial production of major economies, but also consider factors such as disruptions to domestic ports and production in early 2019, and a fall in coal imports to China over the first four months of 2019.

Since the 2018-19 MYFER, coal royalty estimates have been revised upwards by \$838 million in 2019-20, with smaller uplifts of \$265 million in 2020-21 and \$296 million in 2021-22.

Chart 4.7 Coking coal price



Sources: Consensus Economics and Queensland Treasury.

4.8.2 Petroleum royalties

Oil prices factor strongly into royalty forecasts, with most of the LNG produced in Queensland sold under long-term contracts linked to oil prices. Since the 2018-19 Budget, estimates of Brent oil prices have been revised down by 5% to \$US69 per barrel on average in 2018-19. Downwards revisions to Brent oil price forecasts reflect decreased global growth expectations, decreased global oil demand and increased US stockpiles. From 2019-20 onwards, forecasts of the Brent oil price are largely unchanged compared to the 2018-19 MYFER, and are similar to Consensus Economics forecasts. Volumes for LNG have increased slightly compared to MYFER to reflect recent cargoes.

Significant growth in LNG exports over the last few years is supporting growth in petroleum royalty forecasts. Efforts to support LNG industry growth in Queensland also has broader benefits including job creation, and in turn supports increased revenue collection by the Australian Government.

Petroleum royalties have been revised upwards by \$131 million (29%) in 2019-20 since the 2018-19 Budget. This increase mainly reflects the policy decision to increase the rate by 2.5% to 12.5%.

4.8.3 Other royalties

Other royalties include revenue from metals mined in Queensland such as copper, lead and zinc and other minerals including bauxite. Revenue from other royalties is expected to grow 38.4% in 2019-20, supported by increased metals volumes, with flooding in North Queensland impacting volumes in 2018-19. Adjusting for the impact of the floods on volumes in 2018-19, volumes for these minerals are still expected to be higher on average in 2019-20 than in 2018-19, primarily reflecting production ramping up in recently started mines.

4.8.4 Land rents

Revenue from land rents derived from mining and petroleum leases and pastoral holdings are expected to grow 3.0% in 2019-20.

4.9 Sales of goods and services

Sales of goods and services revenue comprises cost recoveries from providing goods or services. Table 4.6 provides a breakdown of the category.

The Government provides concessions in the form of discounts, rebates and subsidies to improve access to and the affordability of a range of services for individuals or families, based on eligibility criteria relating to factors such as age, income and special needs or disadvantage. Appendix A provides details of the concession arrangements provided by the Queensland Government.

Table 4.6 Sales of goods and services¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Fee for service activities	2,429	2,298	2,277	2,294	2,300	2,301
Public Transport: South East Queensland	343	356	377	387	401	416
Rent revenue	561	596	630	673	714	749
Sale of land inventory	48	53	77	114	105	80
Hospital fees	825	873	875	887	899	912
Transport and traffic fees	432	450	469	485	502	519
Other sales of goods and services	1,246	1,242	1,298	1,349	1,387	1,411
Total	5,884	5,869	6,004	6,190	6,307	6,389

Note:

1. Numbers may not add due to rounding.

4.9.1 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.

4.9.2 Other sales of goods and services

As shown in Table 4.6, there are a variety of other types of sales of goods and services. These include revenue from public transport ticketing arrangements, rent or lease of government property, hospital fees, transport and traffic fees, title registration fees and other licences and permits.

4.10 Interest income

Interest income primarily comprises interest earned on investments, including those held for superannuation and insurance purposes.

Interest income is estimated to account for 3.5% of total General Government Sector revenue in 2019-20. Consistent with previous budgets, interest income is expected to decline on average between 2018-19 and 2022-23 due to a reduction in the portfolio of financial assets held for defined benefit superannuation.

4.11 Dividend and income tax equivalent income

Dividend and income tax equivalent income accounts for 3.7% of total General Government Sector revenue in 2019-20.

Estimated revenue from dividend and income tax equivalent income in 2018-19 has been revised upwards by \$444 million since the 2018-19 Budget, supported by increased earnings from electricity generation and network businesses.

In 2019-20, dividend and income tax equivalent income is expected to decline \$424 million compared to 2018-19, driven by the electricity generation and network businesses.

Dividend and income tax equivalent income is expected to decline over the four years to 2022-23 (reaching a low in 2021-22), driven by reductions in dividend returns from the electricity network, electricity generation and water sectors. Factors include:

- revised assumptions for revenue performance under the next regulatory period for Energy Queensland Limited
- revised generation business assumptions for wholesale electricity prices.

Trends in dividends and income tax equivalent income are discussed in more detail in Chapter 8.

4.12 Other revenue

Other revenue, including royalty revenue, accounts for 11.3% of total General Government Sector revenue in 2019-20. Royalties themselves account for 9.0% of revenue in 2019-20, and are discussed in section 4.7.

The major fines and infringements included in this category are issued by the Department of Transport and Main Roads (DTMR) and Queensland Police Service (QPS), incorporating fixed and mobile camera offences, speeding and tolling offences.

Revenue from fines and forfeitures are expected to grow by 7.9% in 2019-20, with the expected growth in fines revenue due to increases in enforcement hours and the deployment of additional cameras in coming years.

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 revenue¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Royalties and land rents	4,457	5,364	5,621	4,770	4,799	4,918
Fines and forfeitures	411	443	478	532	557	589
Revenue not elsewhere classified	818	768	738	955	1,015	910
Total other revenue	5,685	6,575	6,837	6,257	6,372	6,417

Note:

1. Numbers may not add due to rounding.

5 Expenses

Features

- The focus of the 2019-20 Budget is on developing the Government's economic plan for the next decade. This budget continues to target initiatives that drive job creation, business-led growth, sustainable public investment, support for the next wave of innovation and ensure Queenslanders have the skills for the future. The Government through its *Our Future State: Advancing Queensland's Priorities* is also focused on delivering on opportunities and tackling the major challenges facing the state.
- Expenses for 2018-19 are estimated to be \$59.226 billion, an increase of \$2.891 billion from 2017-18. The increase is due to growth funding to support ongoing demand for health services (around \$1.5 billion) and education services (around \$600 million). The operating expense component of natural disaster related expenses in 2018-19 is around \$500 million.
- Total expenses are projected to grow at an average annual rate of 2.3% over the four years to 2022-23. From 2020-21, revenues commence growing at a faster rate than expenses, with the gap widening across the remainder of the forward estimates.
- In 2019-20, General Government Sector expenses are estimated to be \$60.198 billion, an expected increase of \$972 million over the estimated actual for 2018-19.
- Ongoing budget sustainability is central to delivering on the Government's economic plan. A Service Priority Review Office (the Office) will be established in Queensland Treasury. In partnership with the Department of the Premier and Cabinet, the Office will drive the realisation of reprioritisation targets of \$200 million in 2019-20 and \$500 million per annum from 2020-21, by conducting reviews of Queensland public sector agencies and existing programs.
- In 2019-20, the major areas of expenditure are health and education, which together constitute approximately 56.1% of General Government Sector expenses.

This chapter provides an overview of General Government Sector expenses for the estimated actual for 2018-19, forecasts for the 2019-20 Budget year and projections for 2020-21 to 2022-23. The forward estimates are based on the economic projections outlined in Chapter 2.

5.1 2018-19 estimated actual

General Government Sector expenses in 2018-19 are estimated to be \$59.226 billion, \$748 million higher than the 2018-19 Mid Year Fiscal and Economic Review (MYFER) estimate. The increase since MYFER is largely driven by:

- higher hospital and health services
- increased natural disaster expenditure including disaster-affected primary producer grants following the North and Far North monsoon trough event in 2019
- advance payments to local councils to compensate for the commencement of the Queensland waste levy from 1 July 2019
- the Australian Government’s advance payment of financial assistance grants to local governments in 2018-19 for the 2019-20 financial year
- actuarial adjustments for the State’s Defined Benefit Superannuation Scheme.

These expenses were partly offset by lower than estimated payments to the National Disability Insurance Agency due to the slower than anticipated transition of Queenslanders to the NDIS.

5.2 2019-20 Budget and out-years

Table 5.1 General Government Sector expenses¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Employee expenses	22,678	24,096	25,396	25,728	26,709	27,724
Superannuation interest costs	667	642	516	542	580	624
Other superannuation expenses	2,744	3,044	3,093	3,202	3,257	3,292
Other operating expenses	17,258	16,791	15,790	15,907	16,363	16,733
Depreciation and amortisation	3,325	3,449	3,961	4,097	4,231	4,334
Other interest expenses	1,614	1,514	1,688	1,721	1,797	1,848
Grants expenses	8,048	9,691	9,754	10,219	10,164	10,197
Total Expenses	56,335	59,226	60,198	61,416	63,101	64,753

Note:

1. Numbers may not add due to rounding.

General Government Sector expenses of \$60.198 billion in 2019-20 represent an increase of \$972 million (or 1.6%) over the 2018-19 estimated actual. Factors influencing the higher expenditure in 2019-20 include:

- increases in education expenditure largely reflects student enrolment growth and enterprise bargaining outcomes, and additional funding under the National School Reform Agreement and associated Bilateral Agreement.
- growth in demand for public hospital and health services. Increased health expenditure includes workforce requirements to meet the ongoing growth in demand for frontline health services
- additional funding for the public safety sector, including criminal and youth justice systems, transition of private prisons to public operation and addressing the outcomes of Taskforce Flaxton
- payment for works delivered on behalf of government-owned corporations
- natural disaster expenditure following the North and Far North monsoon trough event in 2019 including disaster-affected primary producer grants.

In 2019-20 expenses growth is also impacted by the Australian Government's advance payment of financial assistance grants in 2018-19 for 2019-20, advance payments in 2018-19 to local councils for compensation ahead of the commencement of Queensland Waste Levy from 1 July 2019 and whole-of-Government reprioritisation targets.

5.3 Expenses by operating statement category

As outlined in Chart 5.1, the largest expense categories in the General Government Sector in 2019-20 are employee and superannuation expenses (48.2%), followed by other operating expenses (26.2%) 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, 2019-20

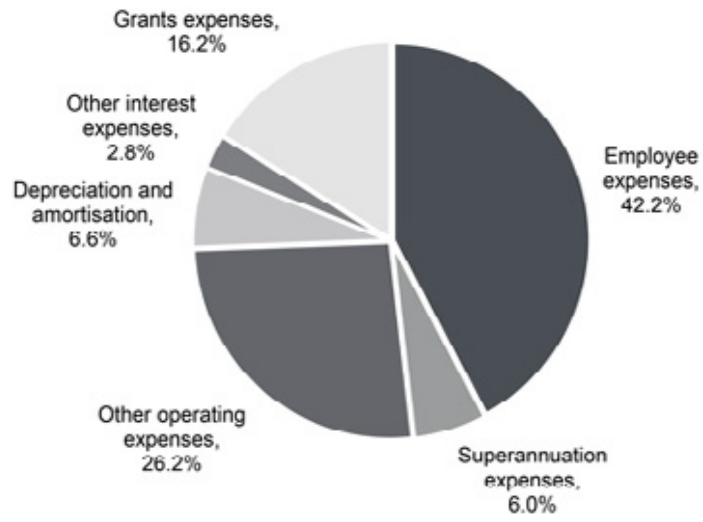
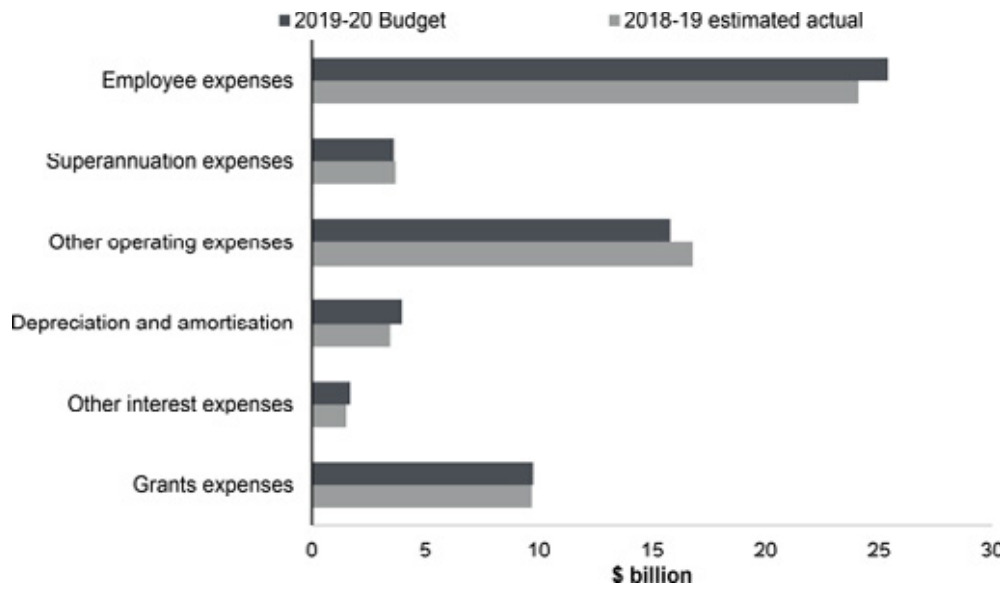


Chart 5.2 identifies the growth in expenses for each operating statement category between the 2018-19 estimated actual and the 2019-20 Budget. The largest increase is in employee expenses, which primarily reflects workforce requirements to meet the ongoing demand for frontline hospital and health services and school enrolment growth.

Chart 5.2 Growth in expenses by operating statement category – 2018-19 estimated actual to 2019-20 Budget



5.3.1 Employee expenses

Employee expenses include salaries and wages, annual leave and long service leave.

In 2019-20, employee expenses are expected to be \$25.396 billion, \$1.3 billion or 5.4% higher than the 2018-19 estimated actual. This reflects both growth in full-time equivalents (FTEs) and the Government’s wages policy. Much of the increase in employee expenses in 2019-20 is the key frontline service areas of health and education reflecting increasing demand for health services and student population growth.

Full-time equivalents

During the 2015 election, the Government made commitments to revitalise frontline service delivery. This contributed in FTEs increasing 22,208 (or 11.0%) from 2014-15 to 2017-18, and an estimated further 5,518 (or 2.5%) in 2018-19. Between March 2015 and March 2019:

- teachers increased by 4,803 (or 11.4%)
- teacher aides increased by 1,399 (or 15.0%)
- nurses increased by 5,988 (or 21.5%)
- health practitioners increased by 1,761 (or 17.8%)
- doctors increased by 2,020 (or 25.5%)
- ambulance operatives increased by 510 (or 13.8%)
- police officers increased by 436 (or 3.9%).

As at March 2019, around 91.4% of public servants were engaged in frontline and frontline support roles.

Given the tight fiscal environment and the fact that employee expenses represent the State's largest expense category, the Government introduced a new fiscal principle in the 2016-17 Budget to maintain a sustainable public service where overall growth in FTEs, on average over the forward estimates, does not exceed population growth.

The introduction of the fiscal principle has resulted in FTE growth moderating, and continuing to moderate. FTEs are estimated to increase by around 4,391 in 2019-20. The overall average annual growth rate over 2018-19 to 2022-23, based on current estimates, is 1.68%. This compares to an estimated Queensland population growth of 1³/₄% 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. The Government accepted this recommendation in principle, with a commitment to explore changes to the reporting of Fiscal Principle 6.

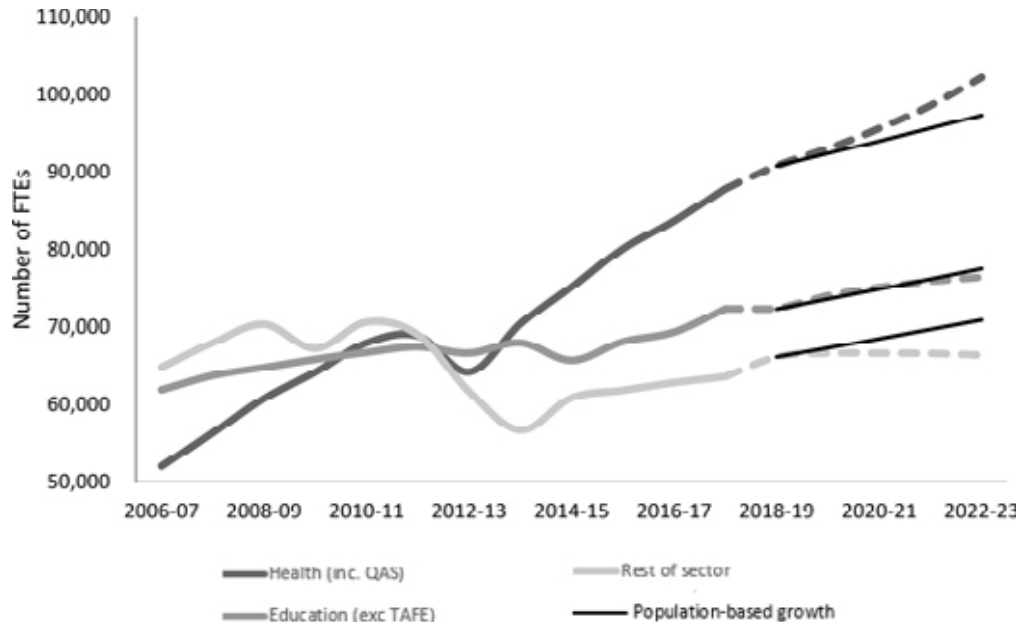
In response, Chart 5.3 shows the breakdown of actual FTE growth from 2006-07 to 2017-18 and estimated FTEs from 2018-19 to 2020-23, with health and education shown separately from the rest of the sector. Estimated FTEs for health, education and rest of sector are compared to forecast population growth.

Chart 5.3 demonstrates the growth in health (including Queensland Ambulance Service (QAS)) is expected to be higher than population growth, though not as strong as in previous years (falling from an average annual growth of 5.32% between 2014-15 and 2017-18 to an estimated 3.01% between 2018-19 and 2022-23). The ongoing high FTE growth within health is not unexpected with the Government injecting record health funding every year since coming to power to restore vital frontline services. Further, 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. The reasons for agency declines include changes in service delivery, for example, due to the introduction of the NDIS.

Chart 5.3 Education, Health and Rest of Sector departmental FTEs¹



Note:

1. 2018-19 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.

The devolved frontline service delivery models used in some agencies continue to present challenges to FTE estimation and monitoring, in particular when funding is provided in such a way that agencies determine how to most efficiently deliver services. Consistent with last year, the 2019-20 Budget FTE estimates build in an allowance for this.

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 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 current quarterly Workforce Profile Reports with half-yearly reports covering sector wide analysis of particular 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) will change its FTE methodology from 1 July 2019 to reduce the inconsistencies in data collections. In addition, the PSC is working on changes and enhancements to the Workforce Profile Report. Queensland Treasury in conjunction with the PSC is assessing options to improve the reporting and monitoring of the indirect workforce.

Table 5.2 shows the funded FTE positions by department and is consistent with agency Service Delivery Statements.

Table 5.2 Funded controlled FTE positions by Department^{1,2,3}

	2018-19 Adj. Budget	2018-19 Est. Act	2019-20 Budget
Aboriginal and Torres Strait Islander Partnerships	324	328	321
Agriculture and Fisheries	2,128	2,127	2,124
Child Safety, Youth and Women	3,375	3,423	3,439
Youth Justice	1,459	1,499	1,566
Communities, Disability Services and Seniors ⁴	2,241	2,243	1,755
Education	72,784	73,190	74,885
Electoral Commission of Queensland	60	60	58
Employment, Small Business and Training	4,432	4,417	4,436
Environment and Science	3,093	3,101	3,089
Housing and Public Works	5,570	5,568	5,565
Innovation, Tourism Industry Development and the Commonwealth Games	173	175	175
Justice and Attorney-General	3,449	3,473	3,509
Local Government, Racing and Multicultural Affairs	188	188	183
Natural Resources, Mines and Energy	2,665	2,663	2,662
Office of the Inspector-General Emergency Management	22	22	22
Premier and Cabinet	467	465	480
Public Safety Business Agency	1,117	1,122	1,121
Public Service Commission	70	70	70
Queensland Audit Office	182	191	191
Queensland Corrective Services	5,039	5,039	5,761
Queensland Fire and Emergency Services	3,321	3,318	3,346
Queensland Health (total-disaggregation below)	90,095	90,791	93,009
Queensland Police Service	15,696	15,709	15,802
Queensland Treasury	994	998	1,027
State Development, Manufacturing, Infrastructure and Planning	1,016	1,016	990
The Public Trustee of Queensland	615	617	621
Transport and Main Roads	7,427	7,433	7,425
Total⁵	228,002	229,246	233,637

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	2018-19	2018-19	2019-20
	Adj. Budget	Est. Act	Budget
Queensland Health Disaggregation			
Health	7,645	7,820	7,728
Queensland Ambulance Service	4,507	4,585	4,707
Cairns and Hinterland Hospital and Health Service	4,971	5,079	5,101
Central Queensland Hospital and Health Service	3,052	3,072	3,167
Central West Hospital and Health Service	373	380	380
Children's Health Queensland Hospital and Health Service	3,700	3,862	3,823
Darling Downs Hospital and Health Service	4,549	4,636	4,713
Gold Coast Hospital and Health Service	8,063	8,323	8,385
Mackay Hospital and Health Service	2,312	2,371	2,356
Metro North Hospital and Health Service	16,165	16,272	16,860
Metro South Hospital and Health Service	12,882	13,465	13,478
North West Hospital and Health Service	782	780	781
South West Hospital and Health Service	819	794	816
Sunshine Coast Hospital and Health Service	6,400	6,000	6,007
Torres and Cape Hospital and Health Service	943	1,031	1,005
Townsville Hospital and Health Service	5,401	5,424	5,508
West Moreton Hospital and Health Service	3,572	3,717	3,659
Wide Bay Hospital and Health Service	3,132	3,180	3,266
Funded unallocated FTEs ⁶	827	—	1,269
Total Queensland Health	90,095	90,791	93,009

Notes:

1. Numbers may not add due to rounding.
2. Explanation of variations in departmental FTEs can be found in the Service Delivery Statements. Departmental totals may include multiple tables from Service Delivery Statements (SDSs), due to separate FTE tables being provided for Departmental service areas and Commercialised Business Units.
3. Adjusted Budget reflects movements of FTEs following Machinery of Government changes only.
4. The decrease in 2019-20 is due to the transition of State specialist disability services to the NDIS.
5. Total 2019-20 Budget includes an additional 5 FTEs held centrally.
6. Funded unallocated FTEs represents estimates of additional FTEs which have not yet been allocated to particular Hospital and Health Services.

5.3.2 Superannuation expenses

The superannuation interest cost represents the imputed interest on the Government's accruing defined benefit superannuation liabilities.

In determining the State's defined benefit superannuation liabilities, AASB 119 *Employee Benefits* requires the discounting of future benefit obligations using yield rates on Government bonds net of investment tax. Interest costs are calculated on a net liability approach by applying the discount rate to both the gross liability and superannuation plan assets.

Superannuation interest costs are dependent on the applicable discount rates at the beginning of the year. Rates have declined in 2018-19 comparative to 2017-18 before increasing across the forward estimates, resulting in lower superannuation interest costs in 2019-20 before marginally increasing 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).

5.3.3 Other operating expenses

Other operating expenses comprise the non-labour costs of providing goods and services, including services to government and non-government organisations, repairs and maintenance, consultancies, contractors, electricity, communications and marketing.

In 2019-20, other operating expenses are expected to be \$15.790 billion, a decrease of \$1 billion or 6.0% lower compared to the 2018-19 estimated actual.

Other operating expenses decline significantly in 2019-20 due to:

- the accounting treatment for the recognition of leases under the new accounting standard AASB 16 *Leases*, effective 1 July 2019. Under the new standard previous operating lease rental expenses have been replaced by depreciation expenses on the right of use asset
- continuing transition of specialist disability services to the NDIS. Queensland's contributions to the NDIS are reflected as grants expenses
- a proportion of savings targets allocated to other operating expenses.

5.3.4 Depreciation and amortisation

Depreciation and amortisation expense is an estimate of the progressive consumption of the State's assets through normal usage, wear and tear and obsolescence. Growth in this expense category primarily reflects asset revaluations and the increasing investment in State infrastructure.

As mentioned above, depreciation increases significantly in 2019-20 due to the implementation of AASB 16 *Leases*. Adoption of the new standard results in a reallocation from other operating expenses to depreciation for the right of use asset.

5.3.5 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 \$174 million in 2019-20 to \$1.688 billion compared to \$1.514 billion in 2018-19. Adoption of AASB 16 *Leases* from 1 July 2019 has resulted in previous operating lease rentals being recognised as finance lease liabilities on the Balance Sheet with a resulting reallocation from operating expenses to interest expenses in 2019-20.

Interest costs have fallen significantly since the recent peak of \$2.328 billion in 2014-15. The decline in General Government Sector debt servicing costs is due in part to the repatriation of surplus defined benefit superannuation assets and other balance sheet measures.

5.3.6 Grants expenses

Current grants include grants and subsidies to the community (such as non-state schools, hospitals, benevolent institutions and local governments) and personal benefit payments. Community Service Obligations (CSOs) are provided where Public Non-financial Corporations (PNFCs) are required to provide non-commercial services or services at non-commercial prices for the benefit of the community (for further details refer to Chapter 8).

Capital grants represent transfers to the PNFC Sector, local governments, not-for-profit institutions and other non-government entities, such as business and households (including the Queensland First Home Owners' Grant and non-state schools) for capital purposes.

Table 5.3 provides a breakdown of grants by category and recipient type.

Table 5.3 Grants expenses¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million
Current			
Grants to local government	691	853	471
Grants to private and not-for-profit organisations			
State funding for non-state schools	688	683	712
Australian Government funding for non-state schools	2,548	2,739	2,889
Other	1,449	1,663	1,713
Grants to other sectors of government			
Community service obligations to PNFCs	490	472	510
Other payments to PNFCs	46	29	32
Other (includes payments to NDIA)	408	1,169	1,264
Other	281	363	554
Total current grants	6,601	7,971	8,145
Capital			
Grants to local government	930	1,214	997
State funding for non-state schools	93	98	100
Grants to private and not-for-profit organisations	183	268	392
Payments to PNFCs	45	13	10
Queensland First Home Owners' Grants	195	127	110
Other	1	—	—
Total capital grants	1,447	1,720	1,609
Total current and capital grants	8,048	9,691	9,754

Notes:

1. Numbers may not add due to rounding.

In 2018-19, total grant expenses are estimated to be \$9.691 billion; \$1.643 billion higher than 2017-18. This increase is mainly due to:

- grants and payments by the State to the NDIA on the progressive transition to the NDIS
- timing of grants under the Townsville Water Security program
- advance payments to local councils to compensate for the commencement of the Queensland waste levy from 1 July 2019
- disaster related grants to local councils and disaster-affected primary producer grants following the North and Far North Queensland monsoon event in 2019.

In 2019-20, total grant expenses are estimated to be \$9.754 billion, an increase of \$63 million from 2018-19.

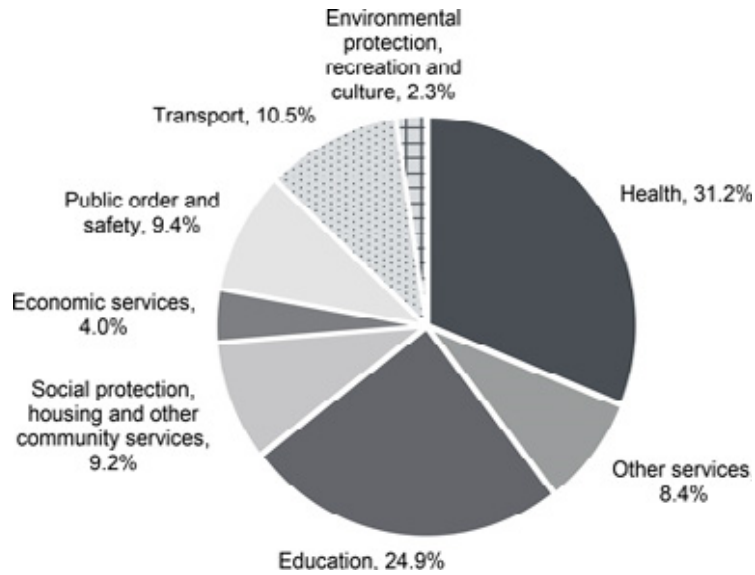
Growth in grants expenses remains comparatively low in 2019-20 mainly due to:

- the Australian Government again making advance payment of the 2019-20 financial assistance grants to local councils in 2018-19
- funding for the National Disability SPP being redirected to support the implementation of the NDIS
- significant proportion of grants for the Townsville Water Security program occurring in 2018-19
- compensation payments to local councils being made in advance of the introduction of the Queensland Waste Levy.

5.4 Operating expenses by purpose

Chart 5.4 indicates the proportion of expenditure by major purpose classification for the 2019-20 Budget. Health accounts for the largest share of expenses (31.2%) followed by Education (24.9%).

Chart 5.4 General Government Sector expenses by purpose, 2019-20



5.5 Departmental expenses

Data presented in Tables 5.4 and 5.5 provide a summary drawn from financial statements contained in the Service Delivery Statements (SDS). Further information on the composition of expenses, outputs delivered and factors influencing the movement in expenses can also be obtained from a department's SDS.

Table 5.4 Departmental controlled expense^{1,2}

	2018-19 Est. Act. \$ 000	2019-20 Budget \$ 000
Aboriginal and Torres Strait Islander Partnerships	83,154	83,016
Agriculture and Fisheries	513,423	525,015
Child Safety, Youth and Women	1,646,469	1,499,237
Communities, Disability Services and Seniors	1,016,266	381,116
Education	9,410,818	9,954,148
Electoral Commission of Queensland	24,969	70,261
Employment, Small Business and Training	1,078,183	1,077,636
Environment and Science	933,787	797,356
Health Consolidated ³	18,063,133	18,454,664
Housing and Public Works	2,409,933	2,548,569
Innovation, Tourism Industry Development and the Commonwealth Games	146,597	224,529
Inspector General Emergency Management	5,097	5,006
Justice and Attorney-General	597,380	659,136
Legislative Assembly	99,171	103,526
Local Government, Racing and Multicultural Affairs	416,093	284,297
Natural Resources, Mines and Energy	725,521	601,238
Office of the Governor	7,225	7,333
Office of the Ombudsman	9,059	9,491
Premier and Cabinet	131,216	116,397
Public Safety Business Agency	422,669	420,801
Public Service Commission	14,654	15,084
Queensland Audit Office	42,804	45,032
Queensland Corrective Services	933,744	1,003,977
Queensland Fire and Emergency Services	716,098	739,732
Queensland Police Service	2,361,742	2,428,036
Queensland Treasury	264,923	274,050
State Development, Manufacturing, Infrastructure and Planning	408,148	479,808
The Public Trustee of Queensland	93,307	96,436
Transport and Main Roads	6,085,610	6,189,222
Youth Justice	31,087	246,052
Total expenses	48,692,280	49,340,201

Notes:

1. Total expenses by department do not equate to total General Government expenses in Uniform Presentation Framework (UPF) terms reported elsewhere in the Budget Papers as General Government expenses include a wider range of entities including State Government statutory authorities. In addition, transactions eliminated between entities within the General Government Sector are excluded in the preparation of whole-of-Government UPF financial statements.
2. Explanation of variations in departmental controlled expenses can be found in the Service Delivery Statements.
3. 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 expense^{1,2}

	2018-19	2019-20
	Est. Act.	Budget
	\$ 000	\$ 000
Aboriginal and Torres Strait Islander Partnerships	11,113	10,105
Agriculture and Fisheries	92,168	235,613
Child Safety, Youth and Women	5,868	5,888
Communities, Disability Services and Seniors	1,592,118	1,592,208
Education	3,618,670	3,807,457
Environment and Science	142,581	147,276
Health Consolidated ³	30,952	30,959
Housing and Public Works	57,599	58,633
Innovation, Tourism Industry Development and the Commonwealth Games	103,016	109,902
Justice and Attorney-General	436,819	435,136
Local Government, Racing and Multicultural Affairs	548,636	326,714
Natural Resources, Mines and Energy	534,499	569,163
Premier and Cabinet	112,705	128,064
Queensland Police Service	734	739
Queensland Treasury	5,885,711	6,010,699
State Development, Manufacturing, Infrastructure and Planning	594,638	691,720
The Public Trustee of Queensland	718	734
Total expenses	13,768,545	14,161,010

Notes:

1. Total expenses by department does not equate to total General Government expenses in Uniform Presentation Framework (UPF) terms reported elsewhere in the Budget Papers as General Government expenses include a wider range of entities including State Government statutory authorities. In addition, transactions eliminated between entities within the General Government Sector are excluded in the preparation of whole-of-Government UPF financial statements.
2. Explanation of variations in departmental administered expenses can be found in the Service Delivery Statements.
3. 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

- Borrowing with QTC in 2018-19 for the General Government and Non-financial Public Sectors (NFPS) is forecast to be \$29.933 billion and \$68.141 billion respectively. These estimates are lower than projections in the 2018-19 Mid Year Fiscal Economic Review (MYFER) mainly due to improved operating cash flows.
- In 2019-20, QTC borrowing for the General Government Sector is forecast to be \$32.781 billion, which is lower than expected at MYFER and the 2018-19 Budget. NFPS is \$71.954 billion, \$1.011 billion lower than MYFER and \$345 million lower than the 2018-19 Budget. The increase in QTC borrowing from 2018-19 to 2019-20 arises from the funding of capital purchases.
- Borrowing for leases and similar arrangements increases significantly from 2018-19 to 2019-20 due to the adoption of the new lease accounting standard (\$2.2 billion for the General Government Sector and \$2.6 billion for NFPS at 1 July 2019). This adjustment largely relates to accommodation leases and does not have any economic impact on the State's finances.
- The increase in borrowing across the forward estimates arises from the funding of essential infrastructure.
- The State's net worth, the amount by which its assets exceed its liabilities, is forecast to increase from \$196 billion in 2018-19 to \$209.8 billion in 2022-23, primarily reflecting expected asset revaluations.
- At the time of the 2018-19 Budget, net cash inflows from operating activities for 2018-19 were expected to cover 60% of net investments in Non-financial Assets (NFAs) for the General Government Sector. The estimated actual coverage is now expected to be nearly 79% due to improved operating cash flows.
- Non-financial Public Sector capital expenditure totals \$45.458 billion for the period 2019-20 to 2022-23, which comprises \$40.519 billion of Purchases of Non-financial Assets (PNFA), and \$4.938 billion of capital grant expenses. In addition, acquisitions of NFAs under finance leases and similar arrangements of \$4.087 billion bring the total capital program for 2019-20 Budget to \$49.544 billion.

6.1 Context

The balance sheet shows the projected assets, liabilities and net worth of the General Government Sector as at 30 June each financial year. It is important for the Government to maintain a strong balance sheet to provide it with stability, flexibility and capacity to deal with emerging financial and economic pressures, and to provide a strong foundation for future economic growth. Due to expected changes required by the new accounting standard, AASB 16 *Leases*, more detail has been disclosed of the State's Borrowing, separating out QTC borrowing, Leases and similar arrangements), and securities and derivatives.

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 sheet¹

	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Financial assets	59,460	61,769	60,945	60,475	61,106	62,001
Non-financial assets	214,752	211,814	219,256	225,107	231,165	235,219
Total assets	274,212	273,583	280,202	285,582	292,271	297,220
Borrowings with QTC	29,735	29,933	32,781	35,218	40,174	42,589
Leases and similar arrangements	2,556	2,623	5,824	7,071	6,943	6,966
Securities and derivatives	19	122	122	122	122	122
Advances and deposits	1,816	2,272	1,618	1,443	1,212	1,257
Superannuation liability	23,414	26,739	25,567	24,107	22,409	20,660
Other provisions and liabilities	14,034	15,696	15,393	15,494	15,674	15,847
Total liabilities	71,575	77,386	81,306	83,455	86,533	87,441
Net worth	202,636	196,197	198,896	202,126	205,738	209,778
Net financial worth	(12,115)	(15,617)	(20,361)	(22,980)	(25,428)	(25,441)
Net financial liabilities	35,928	39,568	44,796	48,098	50,760	51,226
Net debt	2,815	1,661	8,001	12,306	16,961	19,562

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative numbers.

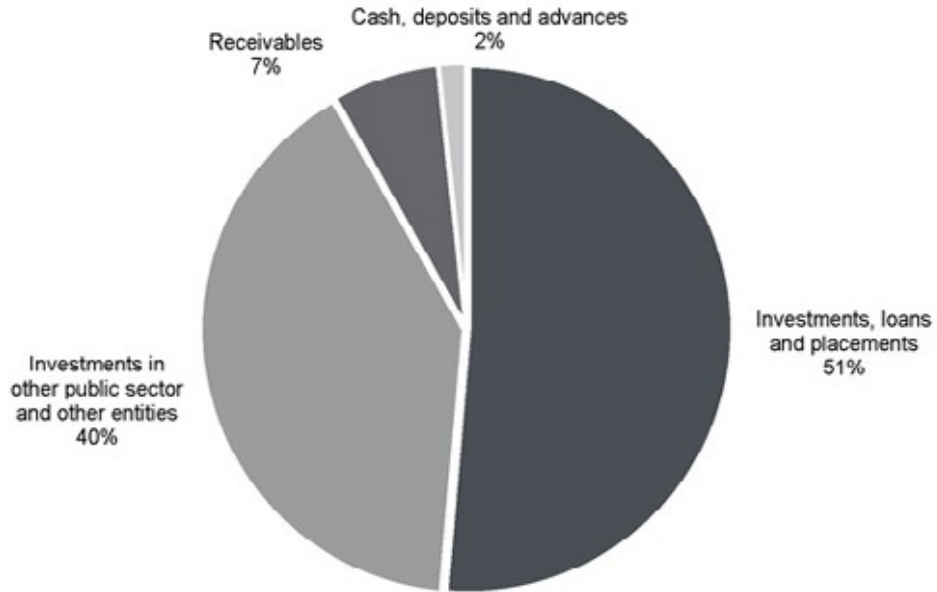
6.2.1 Financial assets

The General Government Sector holds the equity of the State’s public enterprises, principally its shareholding in government-owned corporations (GOCs) but also Public Financial Corporations like Queensland Treasury Corporation (QTC), in much the same manner as the parent or holding company in a group of companies. The estimated investment in public enterprises is included in the General Government Sector’s financial assets.

Financial assets of \$61.769 billion are estimated for 2018-19, \$2.309 billion higher than originally budgeted for 2018-19 mainly due to the reprofiling of repatriations from surplus assets in the defined benefit scheme and lower levels of beneficiary payments.

Chart 6.1 shows forecast General Government Sector financial assets by category at 30 June 2020. Investments held to meet future liabilities, including superannuation and insurance, comprise the major part of the State’s financial assets.

Chart 6.1 Forecast General Government Sector financial assets by category, at 30 June 2020



6.2.2 Non-financial assets

General Government Sector non-financial assets are estimated to total \$211.814 billion at 30 June 2019, \$2.938 billion lower than forecast at 2018-19 Budget due to revaluation decrements on road infrastructure at 30 June 2018.

Non-financial assets in 2019-20 are expected to be \$7.442 billion higher than the 2018-19 estimated actuals, to be \$219.256 billion at 30 June 2020. These assets consist primarily of land and other fixed assets of \$212.382 billion, the majority of which are roads, schools, hospitals and other infrastructure used to provide services to Queenslanders. Other non-financial assets of \$6.874 billion held by the State include prepayments and deferred income tax assets relating to GOCs.

General Government Sector capital expenditure for 2019-20 is forecast to be \$8.335 billion, which comprises \$6.727 billion of PNFA, and \$1.609 billion of capital grant expenses. In addition to these, acquisitions of non-financial assets under finance leases are forecast to be \$1.119 billion, bringing the total General Government Sector capital program for 2019-20 to \$9.454 billion. This is over \$1 billion higher than in the 2018-19 Budget.

Over the four years to 2022-23, General Government Sector capital expenditure is forecast to be \$32.971 billion, which comprises \$27.993 billion of PNFA, and \$4.978 billion of capital grant expenses. Acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be \$4.087 billion, bringing the total General Government Sector capital program over the period to \$37.058 billion. This is over \$3.8 billion higher than the capital program in the 2018-19 Budget.

General Government Sector PNFA are forecast to increase from \$6.060 billion in the 2018-19 estimated actual to \$7.963 billion in 2021-22. This increase reflects the Government's commitment to providing essential infrastructure and capital works to deliver productivity enhancing infrastructure, strengthening local economies and supporting local jobs.

One of the Government's fiscal principles targets net operating surpluses to ensure General Government Sector PNFA are funded primarily through recurrent revenues rather than borrowing. Forecast net operating cash flows from 2018-19 to 2022-23 of \$21.168 billion are funding net investments in NFAs of \$32.697 billion.

The State has also entered into a number of finance leases and similar arrangements, mainly in relation to Public Private Partnerships, totalling in excess of \$5 billion over the period 2018-19 to 2022-23, including for the Tunnel, Stations, Development components of Cross River Rail (including returned works), New Generation Rollingstock and the Toowoomba Second Range Crossing.

Generally, at the commencement of finance leases, the non-financial assets and the borrowings of the State increase by an equal amount to reflect the acquisition of the asset from the proponent. There are no cash impacts on the commencement of the lease – the finance lease liabilities are subsequently repaid under the terms of the Public Private Partnership agreement.

Purchases of non-financial assets by the NFPS over the period 2019-20 to 2022-23 are forecast to be \$40.519 billion, which is an average of \$10.13 billion per annum. With capital grant expenses of \$4.938 billion, this brings total capital expenditure to \$45.458 billion. In addition to this, acquisitions of non-financial assets under finance leases and similar arrangements of \$4.087 billion bring the total capital program over the period to \$49.544 billion. While its primary aim is to facilitate service delivery to Queenslanders, infrastructure investment makes an important contribution to the economy and is a cornerstone of the Queensland job market, particularly in the construction industry.

6.2.3 Liabilities

General Government Sector

Total estimated General Government Sector liabilities of \$77.386 billion in 2018-19 are \$5.811 billion higher than the 2018-19 Budget, partly due to an increase of \$2.182 billion flowing through from the audited actuals at 30 June 2018. The superannuation liability is expected to be higher than budgeted, impacted by actuarial adjustments such as lower discount rates, as well as lower beneficiary payments. Other provisions and liabilities are \$1.662 billion higher than budgeted and include the long service leave liability, which was increased as a result of lower interest rates and a modelling revision. Advances received were higher as more GOCs joined the cash management scheme.

Total liabilities in the General Government Sector in 2019-20 will increase by \$3.920 billion from the 2018-19 estimated actual, predominantly due to higher borrowing balances partly offset by lower superannuation liabilities and advances from GOCs.

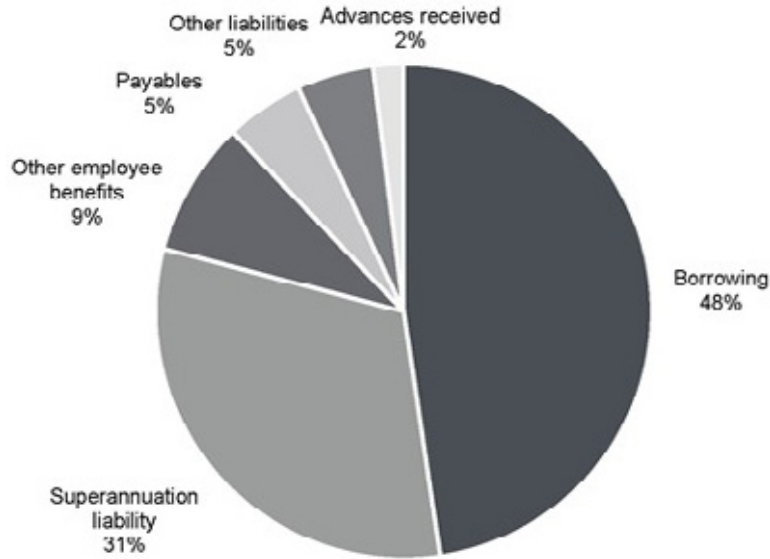
General Government Sector QTC borrowing is expected to increase \$2.848 billion, from \$29.933 billion in 2018-19 to \$32.781 billion in 2019-20, mainly to facilitate capital purchases. General Government Sector QTC borrowing for 2019-20 is \$432 million lower than the projection in the 2018-19 Budget and \$1.293 billion lower than projected at the time of the 2018-19 MYFER.

Lease liabilities and similar arrangements will increase by \$3.2 billion during 2019-20 due to the first-time adoption of AASB 16 *Leases* (\$2.2 billion). The recognition of leases for AASB 16 *Leases* largely relates to accommodation leases – for example, the recognition of the lease for 1 William Street increases liabilities by approximately \$700 million – but does not have any economic impact on the State's finances. The 2019-20 balance will also increase due to the recognition of new finance leases on the New Generation Rollingstock contract and the costs on the Cross River Rail PPP. Leases and other similar arrangements stabilise at around \$7 billion over the outyears following the adoption of AASB 16 as new liabilities are largely set off by contractual repayments.

The defined benefit superannuation liability is projected to be \$25.567 billion at 30 June 2020, a \$1.172 billion decrease on the 2018-19 estimated actual. The State's defined benefit fund has been closed to new entrants since 2008. Given the age profile of those employees still in that fund, retirements are also increasing. Accordingly, the State's superannuation liability is now declining over the forward estimates. In addition, an anticipated increase in bond rates across the forward estimates contributes to the expected decline in the liability.

The composition of the General Government Sector's forecast liabilities at 30 June 2020 is illustrated in Chart 6.2.

Chart 6.2 Forecast General Government Sector liabilities by category, at 30 June 2020



Borrowing in 2019-20 is budgeted to be 48% of total liabilities, compared with 53% in 2014-15, reflecting the reduction in borrowings over this period.

Non-financial Public Sector borrowings

NFPS borrowing with QTC of \$71.954 billion is expected for 2019-20, \$345 million lower than expected at the 2018-19 Budget, and \$1.011 billion lower than 2018-19 MYFER. This largely reflects the Government's commitment to fiscally responsible infrastructure investment, without substantially increasing debt.

NFPS leases and similar arrangements for 2019-20 are \$3.563 billion higher than forecast at MYFER due to the adoption of AASB 16 *Leases* (\$2.6 billion at 1 July 2019).

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 for 2018-19 are estimated to be \$39.568 billion.

Net financial liabilities increase across the forward estimates as investments are repatriated from the actuarially assessed defined benefit superannuation fund surplus and borrowings are made to fund priority infrastructure projects.

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 instrumentalities.

Changes in the State's net worth occur for a number of reasons including:

- operating surpluses (deficits) that increase (decrease) the Government's equity
- revaluation of assets and liabilities as required by accounting standards
- movements in the net worth of the State's investments in the Public Non-financial Corporations and Public Financial Corporations sectors
- gains or losses on disposal of assets. Where the selling price of an asset is greater (less) than its value in an agency's accounts, the resultant profit (loss) affects net worth.

6.2.6 Net debt

Net debt is the sum of advances received and borrowings less cash and deposits, advances paid and investments, loans and placements.

Net debt for the General Government Sector in 2018-19 is estimated to be \$1.661 billion, \$1.154 billion less than the 2018-19 Budget mainly as a result of the improved operating position.

In the NFPS, net debt is estimated at \$37.428 billion in 2018-19, \$1.599 billion less than the 2018-19 Budget.

6.2.7 New accounting standards

As referred to above and in Box 3.1 in Chapter 3, AASB 16 *Leases* applies from 1 July 2019 and results in a one-off step up in the State's borrowings and non-financial assets of \$2.2 billion for General Government Sector and \$2.6 billion for the NFPS. This adjustment largely relates to accommodation leases (including 1 William Street) and does not have any economic impact on the State's finances.

AASB 1059 *Service Concession Arrangements* will apply to public sectors in Australia from 1 July 2020 and will significantly impact the State's balance sheet, increasing assets and liabilities. This standard was meant to take effect in 2019-20 but its implementation was deferred to 1 July 2020 by the Australian Accounting Standards Board.

The State, as a grantor, will recognise an asset and matching liability which may be classified as a borrowing or unearned revenue (included in other liabilities), depending on the individual contract. The adoption of this new standard will be addressed in the 2020-21 Budget. The most significant impact will likely to arise from transactions the State has previously entered into, such as the granting of concessions on the Gateway and Logan Motorways and AirportLink where the State will be required to recognise 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 are already on the State's balance sheet and may only be reclassified within non-financial asset categories.

6.3 Cash flows

The cash flow statement provides the cash surplus (deficit) measure which is comprised of the net cash flows from operating activities plus the net cash flows from investments in non-financial assets (or physical capital).

The estimated General Government Sector cash deficit of \$1.224 billion in 2018-19 is \$1.024 billion lower than that forecast at the time of the 2018-19 Budget. This is largely due to the higher than expected operating cash flows.

After taking into account net investments in non-financial assets of \$6.422 billion, a cash deficit of \$2.586 billion is forecast for 2019-20, an improvement of \$1.381 billion compared to the 2018-19 MYFER and an improvement of \$1.709 billion compared to the 2018-19 Budget

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 return of equity from the PNFC and PFC sectors are the primary driver of net inflows of \$295 million over the period 2018-19 to 2022-23.

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. The repatriation of surpluses in the actuarially assessed defined benefit superannuation fund and the QGIF flow through this line in the Statement of Cash Flows.

Total General Government Sector PNFA of \$6.727 billion are budgeted for 2019-20 and, over the period 2019-20 to 2022-23, PNFA are expected to total \$27.994 billion in the General Government Sector.

7 Intergovernmental financial relations

Features

- Queensland is the only state to receive less GST revenue in 2019-20 compared to 2018-19. Queensland's GST revenue will be lower in 2019-20 primarily because the Australian Government has significantly revised down the growth of the GST pool from 2018-19 and accepted the Commonwealth Grants Commission's assessment that Queensland should receive a smaller share. This reflects improved mining royalties, lower natural-disaster-related expenditure, and a greater share of payments for specific purposes.
- The integrity of horizontal fiscal equalisation (principle of GST distribution) is at risk due to actions of the Australian Government. The Australian Government has legislated changes that have weakened the principles underpinning horizontal fiscal equalisation. It has also interfered with the independence of the Commonwealth Grants Commission by instructing the Commission to cease reviewing its mining revenue assessment as part of its 2020 Methodology Review. Without the Commission's proposed changes (due to come into effect in 2020-21), Queensland will continue to unfairly lose most of its coal seam gas royalty revenue through GST distribution.
- Australian Government payments comprise approximately 44.5 per cent of Queensland's General Government revenue.
- The Australian Government estimates that it will provide the Queensland Government \$26.902 billion in 2019-20 (\$360 million less than in 2018-19), comprising:
 - \$14.214 billion in payments for general revenue assistance (share of GST revenue) (\$227 million less than 2018-19)
 - \$12.688 billion in payments for specific purposes (\$134 million less than in 2018-19).
- Payments for specific purposes in 2019-20 comprise:
 - \$4.902 billion for National Health Reform
 - \$4.771 billion for Quality Schools
 - \$0.320 billion for National Housing and Homelessness
 - \$2.388 billion for National Partnership payments (e.g. Infrastructure Investment Program and Disaster Recovery Funding Arrangement)
 - \$0.308 billion for National Specific Purpose Payments (National Skills and Workforce Development).
- Payments to Queensland for specific purposes will be lower in 2019-20 primarily due to the redirection of funding to the National Disability Insurance Scheme (NDIS), an upfront payment in 2018-19 for disaster-affected primary producers in north Queensland, and seven non-infrastructure National Partnership Agreements expiring on 30 June 2019.
- Despite repeated requests, the Australian Government has not allocated funding for Queensland's Cross River Rail project or remote Indigenous housing.

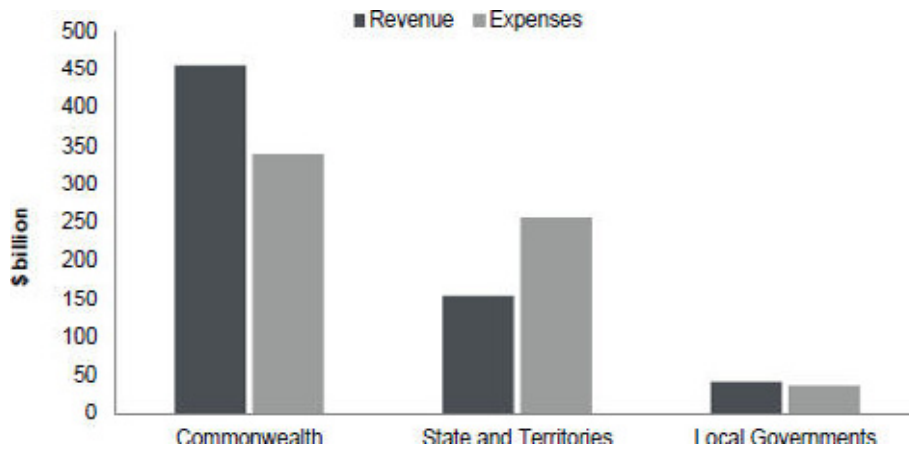
7.1 Federal financial arrangements

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. State and territory governments’ ability to raise revenue is less than required to meet their service delivery responsibilities. Conversely, the Australian Government raises more revenue than is required to meet its service delivery responsibilities. This is called vertical fiscal imbalance (VFI), and requires the sharing of revenue between the Australian Government and states and territories.

In 2017-18, the Australian Government collected the majority of taxation revenues (80.7%), while states and territories (states)¹ collected 15.9% and local governments the remaining 3.4%². 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, 2017-18^{1,2}



Notes:

1. Revenue calculated as total revenue minus grant revenue.
2. Expenses calculated as total expenses minus grant expenses.

Source: ABS 5512.0 2017-18.

¹ States refers to states and territories unless otherwise specified.

² ABS Government Finance Statistics Cat No. 5506.0

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 (e.g. shares of GST revenue) which can be used by states for any purpose (untied funding)
- payments for specific purposes (tied funding) such as National Specific Purpose Payments (SPPs, contribution toward states' service delivery) and National Partnership payments (NPs; funding to support the delivery of specific outputs or projects and to facilitate and incentivise reforms).

Without the contribution by the Australian Government, states would not be able 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 or deliver services at a lower cost compared to other states. Over time, this can distort capital and labour mobility towards states providing higher level of services.

To address HFI, GST revenue collected by the Australian Government is distributed to states in a way that ensures each state is provided with the fiscal capacity to deliver the same standard of service and infrastructure to their population no matter where they live. This is known as horizontal fiscal equalisation (HFE).

The Commonwealth Grants Commission (CGC) uses the principles of HFE in recommending to the Australian Government how GST revenue should be distributed to the states. The amount each state receives is a function of the amount of GST revenue collected (the GST pool) and the share of revenue recommended by the CGC.

7.2 Australian Government funding to the states

The Australian Government estimates that it will provide states \$127.358 billion in 2019-20, \$646 million (0.5%) less than in 2018-19, comprising:

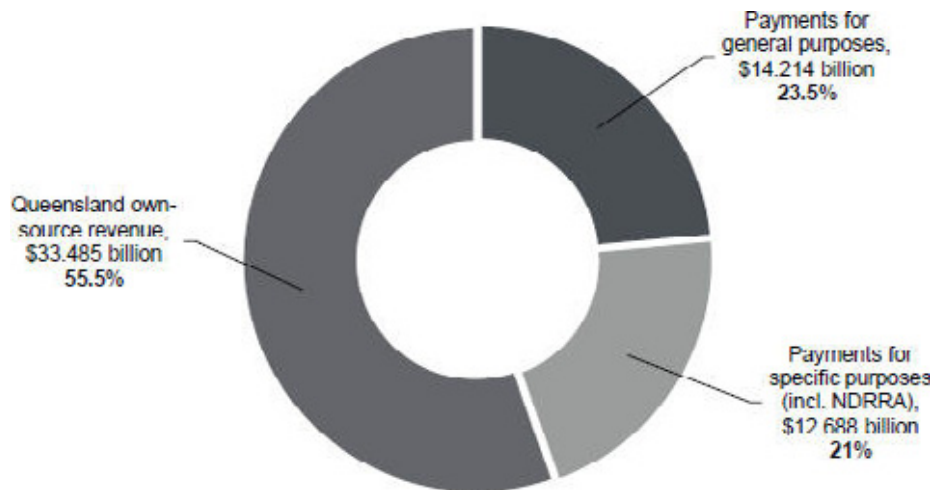
- \$67.2 billion in payments as shares of GST revenue, \$1.57 billion more than 2018-19
- \$58.305 billion in payments for specific purposes, \$2.565 billion (4.2%) less than in 2018-19, including:
 - \$22.535 billion in National Health Reform funding
 - \$20.944 billion in Quality Schools funding
 - \$1.565 billion in National Housing and Homelessness funding.
 - \$11.55 billion in National Partnership payments (e.g. Infrastructure Investment Program and Disaster Recovery Funding Arrangement (DRFA), and DisabilityCare Australia Fund)
 - \$1.712 billion in National Specific Purpose Payments
- \$1.853 billion in other payments (e.g. GST top-up and royalty payments).

7.3 Australian Government funding to Queensland

The Australian Government estimates that it will provide Queensland \$26.902 billion¹ in 2019-20, \$360 million (1.3%) less than in 2018-19.

Australian Government funding is estimated to account for 44.5% of Queensland’s total General Government Sector revenue sources in 2019-20 (shown in Chart 7.2).

Chart 7.2 General Government Sector revenue sources, Queensland, 2019-20^{1,2}



- 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.

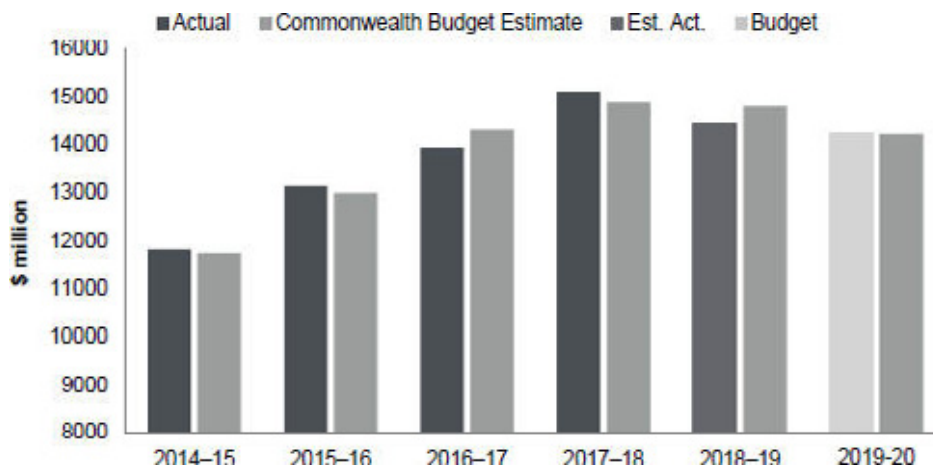
Source: 2019-20 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

7.4 GST revenue

GST revenue accounts for all general revenue assistance payments Queensland receives. In 2019-20, Queensland expects to receive \$14.214 billion of GST revenue, \$227 million (1.6%) less than in 2018-19 (see Chart 7.3).

¹ This figure differs to Chapter 4 Australian Government payments estimates, owing to the exclusion of direct Australian Government payments to Queensland departments for Commonwealth own purpose expenditure.

Chart 7.3 Estimated GST payments to Queensland, 2014-15 to 2019-20¹



Note:

1. Figures include the balancing adjustments which account for differences between the GST paid to states and the final GST pool size and population outcomes in the prior year.

Sources: 2019-20 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

The anticipated decrease in GST revenue in 2019-20 is primarily because the Australian Government revised down the growth of the GST pool from 2018-19 by approximately \$11 billion over the forward estimates compared to the 2018-19 Commonwealth Budget.

They have also determined that Queensland has improved its fiscal capacity to deliver services relative to other states, and therefore requires a lesser share of GST. Fiscal strength is assessed and recommended by the Commonwealth Grants Commission and expressed numerically as a 'relativity'. In 2019-20, the Australian Government accepted the Commission's recommended relativity for Queensland of 1.05370, down from 1.09584 in 2018-19. As a result, despite the GST pool continuing to grow, albeit slower, Queensland is the only state to receive less GST revenue in 2019-20 than in 2018-19.

Specifically, the Commonwealth Grants Commission recommended a decreased share of GST revenue primarily due to:

- Queensland's value of mining production, particularly coal, has increased substantially, increasing the State's revenue raising capacity
- Queensland required less GST funding to cover natural disaster expenses. In addition, the Commission made a one-off correction to remove local government expenditure from its assessment of Queensland's natural disaster expenses. Queensland has raised concerns with this change as it assumes that local governments do not require the assistance of state governments to recover and it is not a true reflection of the support that the Queensland Government provides

- Queensland's share of payments for specific purposes has increased mainly due to higher shares of payments for health and infrastructure.

Marginal positive influences on Queensland's GST revenue were:

- slower than average growth in the value of property sales in Queensland for the assessment years reduced revenue raising capacity
- Queensland's below average growth in taxable land values reduced the State's revenue raising capacity.

Queensland's GST revenue is also adversely affected by the Australian Government excluding some payments from the GST distribution calculations. These have favoured other states in recent years, for example, funding for hospital infrastructure paid to Western Australia and funding for remote Indigenous housing paid to the Northern Territory. The adverse effect of such payments on Queensland's GST revenue lasts several years. For 2019-20 alone, Queensland's GST revenue is reduced by \$282 million compared to 2018-19 because of the exclusions.

The Commission's report on GST Sharing Relativities (2019 Update Report) provides details on the factors that determine Queensland's GST share. It also provides information on Queensland's GST share compared to other states and the reasons underpinning any differences.

The Commission is currently undertaking a comprehensive review of its methodology of assessing states' fiscal strength and recommending shares of GST revenue. This 2020 Methodology Review is due to be completed in 2019-20, with a final report to be provided to the Australian Government and the states by 28 February 2020. Through this review, Queensland aims to ensure the assessment accurately reflects the challenges of delivering services to a large and decentralised state and that the State receives its fair share of GST revenue.

Box 7.1 Changes to HFE

2018 was a disruptive year for horizontal fiscal equalisation, with the Australian Government introducing a series of reforms and undertaking unprecedented actions to selectively interfere with the independence of the Commonwealth Grants Commission; and, at other times, choosing to not intervene when it did not suit the Australian Government's interests.

Australian Government changes to Horizontal Fiscal Equalisation

On 5 July 2018, the Productivity Commission (PC) released its Final Report into Horizontal Fiscal Equalisation that recommended changes to GST distribution.

The Australian Government accepted many of the recommendations and passed the *Treasury Laws Amendment (Making Sure Every State and Territory Gets Their Fair Share of GST) Bill* on 14 November 2018. Among other things, the Bill legislated:

- 'Top up' payments to Western Australia and the Northern Territory from 2019-20 to 2021-22
- from 2021-22, all states will transition over six years to equalising to the stronger of New South Wales or Victoria, and not to the strongest state
- a GST relativity floor of 0.7 in 2022-23, raised to 0.75 from 2024-25
- a permanent boost to the GST pool. The Australian Government will inject \$600 million per annum from 2021-22 and an additional \$250 million per year from 2024-25. This funding will continue in perpetuity and grow at the same rate as the GST pool.

In response to states' concerns regarding the changes, the Australian Government legislated a 'no worse off' guarantee and another review by the Productivity Commission. The guarantee ensures that all states will receive GST revenue that is the better of the current distribution system or the new system over the transition period (2021-22 to 2026-27); and the Productivity Commission must conduct an inquiry by December 2026 to assess whether the updated distribution system is operating efficiently, effectively and as intended.

Australian Government interference in the 2020 Methodology Review

Every five years, the Commission undertakes a comprehensive review of its methodology for assessing states' fiscal strength and recommending shares of GST revenue. It is a rare opportunity to improve a 20-year-old system that accounts for approximately one quarter of Queensland's revenue.

Through the normal course of the review, the Commission proposed changes to the mining revenue assessment that improved its fairness and ensured that individual state policies do not have an undue influence on shares of GST. However, the Australian Government has taken an unprecedented step to instruct the Commission to not make any changes to the assessment. Without changes to the assessment (due to come into effect in 2020-21), Queensland will continue to lose most of the royalties collected from the State's growing coal seam gas industry through GST distribution because other states have chosen not to invest in this sector.

Disaster Recovery

The Commission unilaterally decided to adjust its method for assessing natural disaster expenditure, and no longer considers state government expenditure on disaster-affected local government assets to be necessary.

Queensland is the most disaster impacted state in Australia, and this change is not reflective of the support the Palaszczuk Government provides local governments.

The Australian Treasurer declined to intervene and prevent the Commission’s methodology changes when requested by the Queensland Government, despite having the authority to do so. Queensland will lose out on its fair share of GST revenue from 2019-20 as a result. This change places additional strain on Queensland’s budget and increases the fiscal burden when helping local governments recover from natural disasters.

7.5 Payments to Queensland for specific purposes

In 2019-20, Queensland expects to receive \$12.688 billion in payments for specific purposes, \$134 million (1.0%) less than in 2018-19.

Table 7.1 Estimated Payments to Queensland for Specific Purposes¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million
National Specific Purpose Payments ^{2,3}	925	673	308
National Health Reform funding	4,289	4,709	4,902
Quality Schools funding	4,163	4,474	4,771
National Housing and Homelessness funding ³	—	314	320
National Partnership Payments (incl. DRFA ⁴)	2,202	2,652	2,388
Total payments for specific purposes	11,579	12,822	12,688

Notes:

1. Numbers may not add due to rounding.
2. From 2019-20, the National Disability SPP will be redirected to the National Disability Insurance Agency to support implementation of the NDIS in Queensland.
3. From 2018-19, funding under the National Affordable Housing SPP and the National Partnership Agreement on Homelessness is combined under the National Housing and Homelessness Agreement.
4. The new Australian Government Disaster Recovery Funding Arrangements (DRFA) will apply from 1 November 2018 for eligible events that occur on or after that date. All eligible events occurring up to and including 31 October 2018 will be governed by the Natural Disaster Relief and Recovery Arrangements.

Sources: 2019-20 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

Payments for specific purposes comprise funding for National Health Reform, Quality Schools, National Housing and Homelessness, National Specific Purpose Payments (SPPs) and National Partnership (NP) payments.

In 2019-20, National Health Reform funding accounts for 38.6% of the total payments for specific purposes. National Health Reform funding is estimated to increase by \$193 million (or 4.1%) from 2018-19. Queensland projections of National Health Reform funding differ from the projections contained in the 2019-20 Commonwealth Budget. Australian Government projections assume higher activity growth than projected in service agreements between the Queensland Department of Health and Hospitals 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 37.6% of the total payments for specific purposes, is expected to increase by 6.7% to \$4.771 billion in 2019-20 compared to 2018-19.

The growth embedded in these agreements with the Australian Government is one of the primary drivers of the growth in health and education expenditure and employee numbers, the effects of which can be seen in Chart 5.3.

National Housing and Homelessness funding commenced on 1 July 2018 and is expected to increase by \$6 million (or 1.9%) in 2019-20 compared to the previous year.

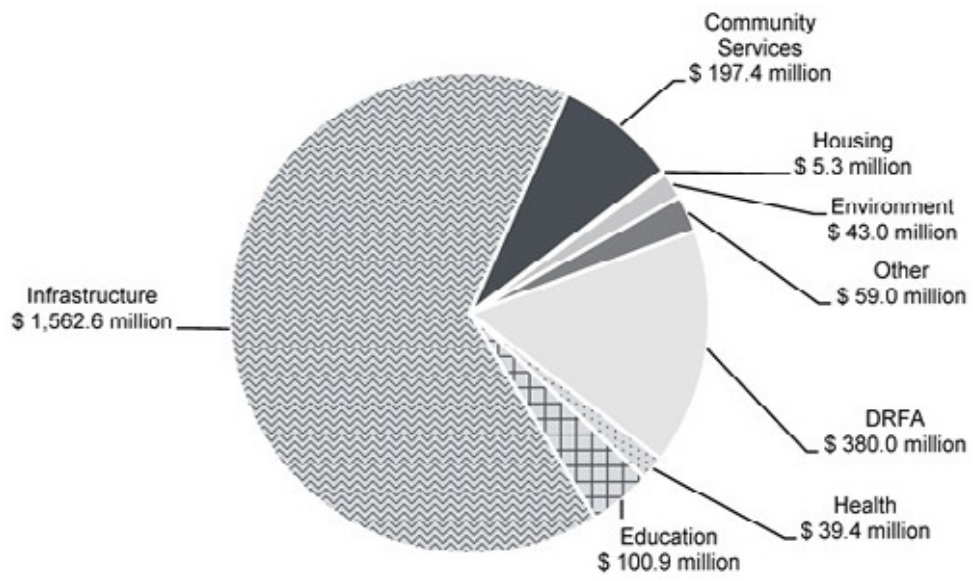
National Specific Purpose Payments (SPPs), which encompass 2.4% of the total payments for specific purposes, are expected to decrease by 54.2% to \$308 million in 2019-20 compared to 2018-19. The reduction is due to funding under the National Disability SPP being redirected to support implementation of the NDIS in Queensland from 2019-20.

National Partnership payments (including Disaster Recovery Financial Assistance (DRFA)), which account for 18.8% of the total payments for specific purposes, is expected to decrease by 10% to \$2.388 billion in 2019-20 compared to 2018-19. A significant proportion of National Partnership payments is allocated to infrastructure, DRFA, community services and education (refer to Chart 7.4).

The reduction in payments for specific purposes between 2018-19 and 2019-20 is mainly due to:

- funding for the National Disability SPP will be redirected, from 2019, to support the implementation of the NDIS
- the Australian Government made an upfront payment in 2018-19 for a three-year agreement to assist disaster-affected primary producers in North and Far North Queensland
- seven non-infrastructure National Partnership Agreements will expire on 30 June 2019.

Chart 7.4 National Partnership Payments by sector, 2019-20¹



Note:

1. Excludes Australian Government direct funding to local government.

Sources: 2019-20 Commonwealth Budget Paper No. 3 and Queensland Treasury estimates.

Box 7.2 Key impacts of 2019-20 Commonwealth Budget

Infrastructure

In the 2019-20 Commonwealth Budget, the Australian Government announced funding of \$4 billion over the next decade for new land transport infrastructure projects in Queensland. However, most of the funding is not provided until beyond the forward estimates.

Projects include:

- \$800 million for the Gateway Motorway extension from Bracken Ridge to Pine River
- \$320 million for Warrego Highway upgrades between Ipswich and Toowoomba
- \$287 million for the Cairns Ring Road
- \$1 billion under the Roads of Strategic Importance initiative, including \$200 million for the Tennant Creek to Townsville corridor and \$50 million for the Toowoomba (Gore Highway) to Seymour corridor
- \$379 million for projects under the Urban Congestion Fund, including \$50 million for the M1 intersection upgrades.

The Commonwealth Budget also allocated \$172.9 million under the proposed Regional Deal for Bundaberg and Hervey Bay to support local community and transport infrastructure projects.

There is no funding allocated in the Commonwealth Budget for the Cross -River Rail project.

North Queensland flood recovery

The Australian Government has provided \$232 million in 2018-19 under Disaster Recovery Funding Arrangements to support North Queensland communities recover from the impacts of the 2019 floods.

In addition, the 2019-20 Commonwealth Budget provided \$300 million in 2018-19 to assist Queensland primary producers impacted by the North and Far North Queensland monsoon trough (25 January to 14 February 2019). Funding will be provided through grants to purchase on-farm infrastructure, replace livestock and replant crops.

Health

The Australian Government is providing \$1.3 billion Australia-wide over seven years from 2018-19 through the Community Health and Hospitals Program to boost health services (state allocations yet to be finalised). The Program includes \$60 million to support the James Cook University Tropical Enterprise Centre in Queensland and \$24 million to improve health outcomes for individuals living with brain and spinal cord injuries in Queensland.

Environment

The Australian Government is providing \$9.2 million towards controlling yellow crazy ants in the Wet Tropics World Heritage Area in Queensland, \$18.3 million has been brought forward across three years from 2018-19 to help eradicate red imported fire ants in Queensland.

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 5% between 2019-20 and 2022-23.

National Health Reform funding for Queensland is expected to increase by an average of 5.8% per annum from 2019-20. Under the Addendum to the National Health Reform Agreement, the Australian Government will fund 45% of efficient growth in hospital activity subject to a national growth cap of 6.5% per annum. Current estimates are based on this methodology; however, funding is subject to Queensland agreeing to the Addendum to the National Health Reform Agreement, including an agreed mechanism for finalising future National Health Reform funding determinations in a timely manner.

Growth in Quality Schools funding for Queensland is expected to average 6.1% per annum between 2019-20 and 2022-23 as a result of enrolment growth and increased per student funding. In December 2018, the Queensland Government signed the National Schools Reform Agreement and associated bilateral agreement with the Australian Government, securing Australian Government funding for Queensland schools for five calendar years, 2019 to 2023. Under the agreement, Queensland is expecting to receive \$8.381 billion for state schools and \$12.665 billion (including GST) for non-government schools from 2019-20 to 2022-23.

7.5.2 Expiring agreements

The original intent of the Intergovernmental Agreement on Federal Financial Relations was to limit the number of NPs, allowing for funding to flow to states for efficient service delivery and reduce the reporting burden. However, over time, the number of time-limited and low value NPs has increased, raising community expectations for ongoing services and reducing budget certainty.

When agreements expire, states are left with limited opportunities to deal with the expiring NP as the final decision on continued funding is made through the Australian Government's budget process. The expiry of many large NPs over the last few years, such as the National Partnership on Remote Housing and the National Partnership on Skills Reform, has brought the risks posed by fixed-term funding arrangements into sharp focus. Unilateral termination by the Australian Government of funding for essential programs, with little or no advice, impacts on the ability of the states to plan ahead and continue delivering essential services to communities. Early indication as to the continuation, lapse or other treatment of funding under expiring agreements is necessary to enable states to undertake effective service delivery and budgetary planning.

There are seven non-infrastructure NPs due to expire on 30 June 2019:

- Public Dental Services for Adults
- National Quality Agenda for Early Childhood Education and Care
- Family Advocacy and Support Services
- Pay Equity for the Social and Community Services Sector
- Managing Established Pest Animals and Weeds
- Pest Animals and Weed Management in Drought Affected Areas
- National Water Infrastructure Development (feasibility component)

A further 11 expire on 30 June 2020:

- Hummingbird House
- OzFoodNet program
- Addressing blood-borne viruses and sexually transmissible infections in the Torres Strait
- Mosquito control and cross border liaison in the Torres Strait protected zone
- Managing Torres Strait/Papua New Guinea cross border health issues
- Vaccine preventable diseases surveillance program
- Universal access to early childhood education – 2018 and 2019
- Implementing water reform in the Murray-Darling Basin
- Women's safety package – technology trials
- Legal assistance services
- Prepared communities (preparedness and resilience to disasters).

The 2019-20 Commonwealth Budget commits funding for some of these but, at the time of preparing this Budget, formal arrangements are not in place that guarantee their continuation. Queensland's priority agreements for extension include the NPs on Universal Access to Early Childhood Education, Public Dental Services for Adults and Legal Assistance Services. Also, Queensland is seeking renewal of the NP on Remote Housing which expired on 30 June 2018; no funding was allocated for remote Indigenous housing to Queensland in the 2019-20 Commonwealth Budget.

Queensland will continue to engage with the Australian Government to progress these agreements, noting the 2019-20 Commonwealth Budget committed to extending funding for:

- Universal Access to Early Childhood Education is proposed to be extended to the 2020 school year. This will be the sixth short-term extension for this agreement since 2008. \$86.6 million will be available to Queensland for 2019-20 under the NP
- Public Dental Services for Adults is proposed to be extended until 30 June 2020. Queensland is expecting \$21.7 million under the extension

- Legal Assistance Services is proposed to be extended and will receive funding of \$1.2 billion nationally (state allocations yet to be finalised) over three years from 2020-21, including services delivered by Legal Aid Commissions, Community Legal Centres and Aboriginal and Torres Strait Islander Legal Services. The funding is intended to be delivered through a new, single national mechanism for Commonwealth legal assistance from 1 July 2020.

There is no funding allocated to Queensland for remote Indigenous housing in the 2019-20 Commonwealth Budget.

When the Australian Government decides to cease funding for expiring agreements, it presents a significant ongoing fiscal risk for states, with impacts on the quality and continuity of much needed services delivered to some of the most vulnerable members of the community.

7.6 State-local government financial relations

In 2019-20, the Queensland Government will provide a total of \$1.468 billion in grants to local governments, compared to \$2.067 billion in 2018-19. The lower level of grants to local governments in 2019-20 is mainly due to early payment of Financial Assistance grants by the Australian Government, a bring forward of grants under the Works for Queensland program, and the early payment of grants as part of the Waste Levy scheme.

Table 7.2 Estimated Payments to Queensland for Specific Purposes^{1,2}

	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million
Aboriginal and Torres Strait Islander Partnerships	7	5	8
Child Safety, Youth and Women	2		
Communities, Disability Services and Seniors	60	58	59
Education	2	2	2
Environment and Science ³	61	152	8
Employment, Small Business and Training		6	6
Housing and Public Works	81	76	83
Innovation, Tourism Industry Development and the Commonwealth Games	2	3	3
Local Government, Racing and Multicultural Affairs ⁴	559	814	437
Natural Resources, Mines and Energy ⁵		160	55
Premier and Cabinet	1	1	
Queensland Fire and Emergency Services	2	2	2
Queensland Treasury	2	7	7
State Development, Manufacturing, Infrastructure and Planning ⁶	544	491	391
Transport and Main Roads ⁷	213	265	187
Other ⁸	132	25	220
Total Queensland Government grants	1,667	2,067	1,468

Notes:

1. Includes current, capital and asset grants to local government authorities and Aboriginal and Islander councils. Includes Australian Government grants paid through the state to local governments.
2. Numbers may not add due to rounding.
3. The increase in 2018-19 is primarily related to new funding for payments to local councils for commencement of the Queensland Waste Levy on 1 July 2019. The reduction in 2019-20 is primarily due to Local Government payments relating to the Waste Levy not being reflected in the 2019-20 budget as the payment in 2018-19 was for 2019-20 operations. Other planned programs in 2019-20 include a capital grant for the Rockhampton Art Gallery.
4. Increase in 2018-19 Estimated Actual is principally due to the advance payment for the Financial Assistance Grants in June 2019 that applies to 2019-20. Decrease is due to the advance payment of the 2019-21 Works for Queensland program in May 2019 and the advance payment for the Financial Assistance Grants in June 2019 that applies to 2019-20.
5. The reduction in 2019-20 is due to the grant funding for the Haughton Water Pipeline Duplication (HWPD) Project being realigned more closely with the Townsville City Council's expenditure.
6. Reduction from 2018-19 Budget to Estimated Actual is due to lower than expected payments under the Royalties for the Regions (R4R) and Building our Regions (BoR) grant programs. Additionally, the decrease from the 2018-19 budget to 2019-20 is primarily due to movements in expected payments under Disaster Recovery Funding Arrangements, with 2018-19 including progress payments for a suite of recovery projects funded by the Queensland Government following Severe Tropical Cyclone (STC) Debbie.
7. Increase in 2018-19 Estimated Actual primarily due to increased expenditure on local roads under the Commonwealth funded Cape York Region package and Improving Cattle Supply Chains. Decrease in 2019-20 Budget primarily due to reduction in capital projects on local roads, completion of payments under the Commonwealth funded Cape York Region Package and reduction in payments under the Commonwealth Funded Bridges Renewal Program.
8. Grants not yet allocated to government agencies, largely in relation to natural disaster relief.

The Queensland Government allocates considerable funding in the State Budget to support local governments across the State. The Queensland Government acknowledges the shared responsibilities in serving the people of Queensland and the important role local governments play. A summary of the major grant programs available to local governments are listed below.

Table 7.3 Grant programs exclusively available to local government

Program Name (Responsible Agency)	Description	Total Funding (from 2015-16 to 2022-23)
Works for Queensland	Support local governments in regional areas to undertake job-creating maintenance and minor infrastructure works.	\$600 million
Transport Infrastructure Development Scheme ¹	Provide targeted investment in regional local government transport infrastructure.	\$560 million
Building our Regions ¹	Provide funding for critical infrastructure in regional areas to support economic development, including generating jobs.	\$365 million
Local Government Grants and Subsidies Program	Provide funding for priority infrastructure projects that will enhance sustainable and liveable communities.	\$29 million per annum
Coastal Hazard Adaptation Program - QCoast ²¹⁰⁰	Assist coastal local governments to prepare plans and strategies for addressing climate change.	\$12 million
Queensland Water Regional Alliances Program	Assist regional councils to collaborate and improve efficiencies and administration around water infrastructure.	\$6 million

Note:

1. The \$560 million includes \$150 million which falls under the Building Our Regions Program.

In addition to the above grant programs, the Government has provided additional funding of \$38 million over four years from 2018-19 to establish the Disaster Resilience Fund. This fund administered by the Queensland Reconstruction Authority, will be available to a range of organisations including local governments, to deliver mitigation and resilience projects.

The Queensland Reconstruction Authority also administers the Disaster Recovery Funding Arrangements 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 contributes significant funding (approximately \$700 million) to provide disaster relief and to assist with reconstruction of local government infrastructure damaged during natural disasters. The actual amount will be dependent on the final number 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. In response, the Government has allocated substantial additional funding to specifically support Indigenous councils and their communities. A summary of grant programs available to Indigenous councils and their communities are listed below.

Table 7.4 Grant programs to support Indigenous councils and their communities

Program Name	Description	Total Funding (from 2015-16 to 2022-23)
Indigenous Councils Critical Infrastructure Program	Contribute 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.	\$34.5 million per annum
Indigenous Local Government Sustainability Program (2016-18)	Assist Indigenous councils to increase their capacity, capability and sustainability.	\$8.2 million

8 Public Non-Financial Corporations Sector

Features

- The Queensland Government expects its businesses to operate commercially and efficiently and improve services to Queenslanders.
- The Government is supporting \$3.496 billion of infrastructure investment through the Public Non-financial Corporations Sector in 2019-20. This includes \$2.234 billion on electricity infrastructure, \$261.7 million on water infrastructure, \$337.4 million on port infrastructure and \$638.6 million on rail infrastructure.
- The Public Non-financial Corporations Sector is forecast to generate dividends of \$1.365 billion in 2019-20. Importantly, dividends generated by the government-owned corporations (GOCs) are used to fund vital services for Queensland, such as public hospitals, schools and police.
- The Government has delivered on key energy policy reforms including the establishment of a new clean energy government-owned corporation, CleanCo Queensland Limited (CleanCo). CleanCo will put ongoing downward pressure on electricity prices, as well as growing investment and jobs in the renewable energy sector. The Government will invest \$250 million over 2019-20 and 2020-21 to develop new, public renewable energy generation assets.
- Government has taken action to put downward pressure on wholesale prices and the establishment of CleanCo will create an even more competitive market. Other initiatives include continuing to remove the costs of the Solar Bonus Scheme from customer bills in 2019-20. Queensland wholesale spot prices remained the lowest in the National Energy Market over the past two summers. The Queensland Competition Authority's Final Determination for Regulated Retail Electricity Prices estimates prices in regional Queensland will fall by 4.4 per cent in 2019-20 for the typical household bill, with prices in South East Queensland also expected to fall.
- Energy Queensland Limited has submitted its regulatory proposals for the new regulatory control period 2020-25, through which the Australian Energy Regulator will determine allowable revenues for the business.
- In 2019-20, Queensland Rail will work in partnership with the Department of Transport and Main Roads to ensure operational readiness for introduction of major new infrastructure including Cross River Rail and the European Train Control System. Queensland Rail will also progress a new subsidy for below rail users of Queensland Rail's Mount Isa Line.
- The government-owned port corporations will continue to progress key projects in 2019-20 across the State. This includes progressing delivery of the Cairns Shipping Development Project and the Channel Capacity Upgrade project at the Port of Townsville, progressing the detailed business case and seeking approvals to commence works on the Clinton Vessel Interaction Project, and progressing construction and operation of containerised freight loading and unloading facilities at the Port of Townsville, subject to a business case.

- Progressing the Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The Queensland and Australian Government have agreed to work in partnership to deliver the project. In parallel, Sunwater has progressed preparatory works, with early works for the project expected to commence in the second half of 2019.
- In order to deliver budget sustainability and optimal performance of the State's GOCs, savings targets for GOCs have been factored into the 2019-20 State Budget. These savings targets, which will realise over \$840 million over the forward estimates period, will be reinvested into this sector to deliver a more sustainable business model. GOC proposals for reinvestment will be subject to shareholding Minister approval and will be subject to stringent assessment. Consistent with Government's employment security policy there will be no forced redundancies in realising these targets.

8.1 Context

Several industries are covered by the Public Non-financial Corporations (PNFC) Sector, including energy, rail, ports and water. Queensland's government-owned corporations (GOCs), declared by regulation to be GOCs under the *Government Owned Corporations Act 1993* (GOC Act), make up a large part of the PNFC Sector. Also included in the sector are non-GOC entities, the Queensland Bulk Water Supply Authority (trading as Seqwater), Queensland Rail, local water boards and other public corporations.

GOCs are accountable for their financial performance and are required to be commercial and efficient organisations. These requirements are legislated under the GOC Act.

PNFC Sector entities provide services or commodities like other businesses. The entities incur costs and bear commercial risks in the delivery of their services or products and generate revenue from the sale of these services or products. The aim of these entities is to deliver vital services while achieving a commercial rate of return for the Government.

The returns to Government are used to pay for important community services such as hospitals, education and concession payments. In some cases, part of a PNFC entity's revenue may arise from community service obligation (CSO) payments from the Government. These payments are used to subsidise a service or commodity provided by the entity, and allow it to be provided to the community at a lower price than it would be on a purely commercial basis. A key example of this is the CSO paid to Energy Queensland Limited to provide electricity in regional Queensland at prices based on the costs of supply in South East Queensland, 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 runs approximately 1,700 kilometres from north of Cairns to New South Wales. 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

On 30 June 2016, Energex and Ergon Energy were merged under the parent company, EQL. EQL owns and operates the low-voltage distribution network that 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 an enhanced ability to respond to emerging trends.

When the Government announced the merger of Energex and Ergon Energy under EQL, it was estimated that through the merger and other efficiencies, savings of \$562 million were to be generated over five years. These savings will deliver benefits to both Government and electricity consumers, through improved returns from the business, and by putting downward pressure on electricity prices. EQL is on track to exceed its savings target by 2019-20, with forecast total savings of \$644 million.

Network Revenues

Revenues for the network businesses are largely derived from network services that are regulated by the Australian Energy Regulator (AER). The AER determines these revenues on a five-yearly basis, based on the businesses' proposals and its view of the reasonable benchmark efficient costs for a network business.

The AER published Powerlink's revenue determination in April 2017 for the 2017-22 regulatory control period, which resulted in a significant reduction in allowable revenues for the business. In January 2019, the Energex and Ergon Energy businesses submitted to the AER their regulatory proposals for the period 1 July 2020 to 30 June 2025. EQL will continue to consult with stakeholders and revise its regulatory proposals over 2019, with revised submissions due to the AER in December 2019, ahead of the AER's final determination in April 2020.

8.1.2 Electricity Generation

Queensland is in a strong position to deliver reliable and affordable energy through publicly owned baseload and renewable generation capacity.

Queensland had the lowest wholesale market spot prices over the past two summers and forward wholesale prices in Queensland remain the lowest in the National Electricity Market (NEM).

Queensland continues to operate Australia's youngest and most efficient fleet of coal-fired generators, safeguarding jobs in traditional industries as well as a growing industry of large-scale renewable projects. This will be supported into the future by CleanCo, the State's new clean energy GOC.

CleanCo will encourage competition in the energy sector ensuring that downward pressure on electricity prices is maintained. CleanCo will play a key role in delivering the Government's 50% Queensland Renewable Energy Target by 2030.

CleanCo

In December 2018, CleanCo was established as the third energy generation GOC with the appointment of the inaugural Board. CleanCo will be transferred the ownership, title and dispatch rights of a specified and strategic portfolio of low and no emission generation assets from CS Energy and Stanwell in 2019-20. CleanCo will add to its foundation portfolio, including through building, owning and operating new renewable energy generation assets under its mandate to support the development of 1,000 megawatts (MW) of new renewable energy generation by 2025.

CS Energy

CS Energy is a major provider of energy into the NEM. In addition to owning and operating power stations, CS Energy is also a party to the Gladstone Interconnection and Power Pooling Agreement, which entitles it to trade the output of the Gladstone Power Station that exceeds the requirements of the Boyne Island aluminium smelter.

Stanwell

Stanwell is a significant provider of energy into the NEM, with Queensland's largest portfolio of power stations. Stanwell also sells electricity directly to large commercial and industrial customers in Queensland, New South Wales, the Australian Capital Territory and Victoria.

Box 8.1 Clean Energy Leader

The Government is committed to reaching its 50 per cent Queensland Renewable Energy Target (QRET) by 2030.

As part of the Powering Queensland Plan (PQP), the Government committed to investigate the creation of a clean energy generation GOC. In August 2018, the Government endorsed its establishment and CleanCo was established as the State's new renewable electricity generator GOC in December 2018.

CleanCo is a structural solution to increase competition in the wholesale electricity market. This will drive down wholesale electricity prices, delivering cheaper energy to Queensland households and businesses. CleanCo builds on Government's reforms to secure a cleaner, affordable, sustainable and reliable energy supply for Queensland. These plans have worked, as Queensland had the lowest wholesale market spot prices over the past two summers.

CleanCo will have a strategic portfolio of low and no emission power generation assets when it is transferred ownership and dispatch rights to a foundation portfolio of existing government-owned renewable and low emission energy generation assets including the Wivenhoe pumped storage hydro plant, Swanbank E, Barron Gorge, Kareeya and Koombooloomba power stations. CleanCo will add to its foundation portfolio, including through building, owning and operating new renewable energy generation assets. This is supported through an initial funding allocation of \$250 million over 2019-20 and 2020-21.

Queensland's ownership of its assets means its businesses can be run for the benefit of Queenslanders, not just for profit. The PQP and Affordable Energy Plan have reformed the market and given direct price benefits to Queensland consumers. For instance, the Government is continuing to remove the costs of the Solar Bonus Scheme from customer bills over 2019-20.

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

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 Queensland Rail's 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).

In 2019-20, Queensland Rail will work in partnership with the Department of Transport and Main Roads to ensure operational readiness for introduction of major new infrastructure including Cross River Rail and the European Train Control System. Queensland Rail will also progress a new subsidy for below rail users of Queensland Rail's Mount Isa Line.

8.1.4 Ports

Queensland has a large network of ports along its coastline, ranging from small installations serving local communities to large, world class multi-user and multi-cargo ports, which have public and privately-owned import and export facilities. Apart from the Port of Brisbane, the port authorities responsible for all of Queensland's ports are owned and run by GOCs. Queensland's ports are a major component of the State's supply chain networks and economy, and their efficient and profitable operation is essential to continued economic growth, job creation, and sustainable development in the State.

The port sector's financial performance is influenced by various factors including supply chain expansions and disruptions, evolving transportation methods and the condition of the Queensland and global economies, particularly demand abroad for Queensland's natural resources and agricultural products. Queensland ports continue to look to enhance supply chain efficiency and identify new markets to improve financial outcomes and stimulate the economy, while meeting environmental and community obligations.

Key projects for the port GOCs in 2019-20 include progressing:

- construction and operation of containerised freight loading and unloading facilities at the Port of Townsville, subject to a business case
- delivery of the Cairns Shipping Development Project
- delivery of the Channel Capacity Upgrade project at the Port of Townsville
- works for Berth 4 upgrades at the Port of Townsville
- works for Tug Berth upgrades at the Port of Mackay
- the detailed business case and seeking approvals to commence works on the Clinton Vessel Interaction Project at the Port of Gladstone.

Cairns Shipping Development Project

The Cairns Shipping Development Project is a \$127 million port expansion project involving the deepening and widening of the Trinity Inlet shipping channel at the Port of Cairns, to allow larger cruise ships to pass through to the port. The project will promote expansion of the cruise shipping industry in Cairns and economic activity in the wider North Queensland region. The State is contributing \$60 million of the project cost, with the remainder to be funded by Ports North.

Significant steps have been taken throughout 2018-19 to progress this project, including the receipt of all council, State and Federal environmental approvals, and investment approval by shareholding Ministers. Construction works in preparation for dredging parts of the channel and ship swing basins have commenced, with upgrades to wharf areas scheduled to begin later in 2019. The project is due for completion in 2020-21.

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 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 the South East Queensland 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 2019-20 include:

- progressing planning for the Lake Macdonald Dam Upgrade
- progressing planning for the Somerset Dam Upgrade
- commencing construction on the Ewen Maddock Dam Upgrade.

As a result of extended hot and dry periods over the 2018-19 summer and the South East Queensland drinking water storage reaching 68% in early June 2019, Seqwater is preparing for a drought readiness phase.

Sunwater

Sunwater is the Government's major bulk water supply business for all 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 \$13 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 stability of dams and the ongoing safety of downstream communities, and Sunwater must undertake dam safety work to meet its obligations under Queensland dam safety regulations. However, it is also likely to significantly influence Sunwater's financial performance and net flows to the Government over the forward estimates period and beyond.

Key projects for Sunwater in 2019-20 include:

- progressing construction on Fairbairn Dam spillway improvements to enhance the dam to meet future extreme weather events
- progressing planning for Paradise Dam spillway improvements to enhance the spillway to meet future extreme weather events
- progressing planning for Leslie Dam to enhance the dam to meet future extreme weather events
- progressing planning for Burdekin Falls Dam spillway improvements to enhance the spillway to meet future extreme weather events
- continuing feasibility studies into potentially raising Burdekin Falls Dam.

Box 8.2 Rookwood Weir

Progressing the Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The weir could add up to 76,000 megalitres of water for agricultural production along the Fitzroy River, as well as an eventual back-up supply for Gladstone, Rockhampton and Livingstone Shire. The project is also expected to create 100 jobs in regional Queensland during construction.

Significant steps have been taken throughout the year toward the construction of Rookwood Weir. The Queensland and Australian Government have agreed to work in partnership to deliver the project. In parallel, Sunwater has progressed preparatory works, with early works for the project expected to commence in the second half of 2019.

8.2 Finances and Performance

8.2.1 Earnings Before Interest and Tax

Total forecast PNFC Sector earnings before interest and tax (EBIT) for 2018-19 are estimated to be \$4.501 billion, up from \$3.976 billion forecast at the time of the 2018-19 State Budget. This increase is primarily due to increases in the electricity generation sector, driven primarily by non-operating revenue flowing from the valuation of a favourable coal supply agreement, higher than forecast wholesale energy market prices and coal rebate revenue.

Over the forward estimates, PNFC Sector EBIT is expected to decrease to \$3.077 billion in 2021-22. While EBIT is forecast to increase to \$3.305 billion in 2022-23 it remains significantly less than in 2018-19.

Relative to 2018-19, EBIT in the electricity sector is estimated to fall by 22% in 2019-20 and 31% in 2022-23. The decrease in electricity generation EBIT is primarily driven by forecast reductions in wholesale generation revenues as new renewable entrants (including CleanCo) enter the wholesale market, adding increased competition and driving down wholesale prices. While electricity generation EBIT is forecast to increase from 2021-22 to 2022-23 due to higher wholesale prices following the expected closure of the Liddell Power Station in New South Wales, it remains significantly less than in 2018-19.

Movements in electricity network EBIT over the forward estimates is influenced by forecasts of regulatory revenue collections for the network businesses. Electricity network EBIT is expected to fall from \$1.991 billion in 2018-19 to \$1.443 billion in 2020-21. Electricity network EBIT is then expected to increase to \$1.648 billion in 2022-23 but remains significantly less than in 2018-19. These movements are consistent with EQL's new regulatory proposals for the period of 1 July 2020 to 30 June 2025.

Water sector EBIT is expected to reach \$586 million in 2020-21, largely reflecting the upwards trend associated with the South East Queensland bulk water price path. Water sector EBIT is forecast to decline from 2021-22 in recognition of the increased spend by Sunwater associated with the DIP, some of which needs to be expensed.

Port sector EBIT is expected to trend steadily upwards over the forward estimates, driven by increased activity and forecast increased tonnage volumes.

Table 8.1 Earnings before interest and tax¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	2,198	1,899	1,991	1,850	1,443	1,592	1,648
Electricity Generation	1,194	1,009	1,442	830	661	551	722
Rail	323	325	301	244	278	305	305
Ports	191	203	202	212	236	242	260
Water	499	556	562	571	586	419	403
Other ²	21	(16)	2	(34)	(30)	(32)	(33)
Total PNFC Sector	4,425	3,976	4,501	3,672	3,174	3,077	3,305

Notes:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts. GOC savings targets are not included as allocations across the GOCs are yet to be determined.
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.

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 forecast PNFC Sector borrowings for 2018-19 are estimated to be \$38.757 billion. Forecast borrowings are expected to increase to \$41.042 billion by 2022-23. The increase in borrowings over the forward estimates is primarily driven by the electricity network and rail businesses.

Electricity network borrowings are forecast to increase over the forward estimates in line with growth in the regulated asset base. Rail sector borrowings are expected to increase in line with the Queensland Rail capital program.

Port sector borrowings are forecast to increase to \$1.193 billion by 2022-23. The increase in borrowing is to fund new capital works and infrastructure projects primarily at the Port of Townsville and Ports North.

Borrowings in the water sector are largely attributable to Seqwater, which currently holds \$9.425 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.

The gearing levels of all GOCs continue to be monitored to ensure that they maintain metrics that are at a minimum consistent with an investment grade credit rating.

Table 8.2 Borrowings¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	21,692	22,252	22,172	23,073	23,670	23,802	23,855
Electricity Generation	1,761	1,602	1,941	1,831	1,790	1,780	1,750
Rail	3,393	3,617	3,505	3,852	4,214	4,581	4,712
Ports	1,061	1,086	1,071	1,173	1,216	1,219	1,193
Water	9,984	10,005	9,984	9,981	9,977	9,724	9,482
Other ²	102	(2)	85	77	68	59	49
Total PNFC Sector	37,992	38,560	38,757	39,987	40,934	41,165	41,042

Notes:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.
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 forecast PNFC Sector dividends for 2018-19 are expected to be more than \$200 million (or 11%) less than in 2017-18. This is driven by a reduction of \$280 million in dividends from the electricity network businesses, substantially driven by lower electricity retail and network charges compared to 2017-18.

Importantly, the Government uses GOC dividend returns to help fund vital services for Queensland, such as public hospitals, schools and police, as well as investing in initiatives to reduce energy costs for Queenslanders. The PQP and Affordable Energy Plan have reformed the market and given direct price benefits to Queensland consumers. For instance, the Government is continuing to remove the costs of the Solar Bonus Scheme from customer bills over 2019-20.

Lower profits from the GOC sector across the forward estimates are translating into lower dividends. Relative to 2018-19, dividends are forecast to fall by 17% by 2019-20 and by 43% by 2020-21. PNFC Sector dividends are projected to decrease to \$932 million in 2020-21 before increasing to \$1.046 billion in 2022-23 (still 36 per cent less than in 2018-19). This reduction is being driven by the electricity sector, with electricity dividends almost halving across the forward estimates.

Electricity network dividends are expected to drop from \$695 million in 2018-19 to \$596 million in 2019-20, and further decline to \$297 million in 2020-21. Movements in electricity network dividends are influenced by forecasts of regulatory revenue collections for the network businesses.

Electricity generation dividends are expected to decline until 2021-22 in line with the reduction in generation earnings as renewable generation alternatives enter the market. In 2022-23, electricity generation dividends increase due to higher forecast wholesale prices following the expected closure of the Liddell Power Station in New South Wales.

Competitive pressures are translating into lower electricity prices, with the Queensland Competition Authority's Final Determination for Regulated Retail Electricity Prices estimating prices in regional Queensland will fall by 4.4% in 2019-20 for the typical household bill, with prices in South East Queensland also expected to fall.

The decline in water sector dividends across the forward estimates reflects the increased costs associated with Sunwater's DIP, to ensure the safety and stability of dams and the ongoing safety of downstream communities. For example, in 2019-20 Sunwater is progressing construction on Fairbairn Dam spillway improvements to enhance the dam to meet future extreme weather events.

Table 8.3 Dividends¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	976	618	695	596	297	381	406
Electricity Generation	620	535	657	519	368	301	374
Rail	112	134	139	102	127	137	129
Ports	83	94	90	102	116	119	131
Water	48	55	52	45	23	6	6
Other ²	10	—	10	—	—	—	—
Total PNFC Sector	1,849	1,435	1,643	1,365	932	944	1,046

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.

As TEPs generally move in line with earnings, TEPs are forecast to decrease from \$882 million in 2018-19 to \$541 million by 2021-22, then increase to \$576 million in 2022-23.

Table 8.4 Tax equivalent payments¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	442	290	331	371	245	278	286
Electricity Generation	321	236	421	234	203	171	204
Rail	36	47	52	48	26	21	11
Ports	40	51	52	54	63	63	67
Water	24	3	20	8	8	3	4
Other ²	3	5	5	5	5	5	5
Total PNFC Sector	866	630	882	720	549	541	576

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 thus applied to all borrowings and financial arrangements in the nature of debt obligations. In general, changes in CNF payments reflect movements in borrowing amounts, interest rate spreads and the entity’s stand-alone credit rating.

Total forecast PNFC Sector CNF payments for 2018-19 are estimated to be \$154 million, \$4 million higher than the \$150 million forecast in the 2018-19 State Budget. CNF payments are forecast to increase to \$225 million by 2022-23.

Table 8.5 Competitive neutrality fee payments¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	67	84	89	106	125	145	157
Electricity Generation	20	17	17	17	17	18	17
Rail	34	32	32	30	30	33	35
Ports	11	11	11	12	12	12	12
Water	5	5	5	5	5	5	5
Total PNFC Sector	138	150	154	169	189	212	225

Note:

1. Numbers may not add due to rounding.

8.2.4 Community Service Obligation and Rail Transport Services Contract Payments

The Government sometimes directs or requires its businesses to perform activities that are not in the entity’s commercial interest (for example, offering services at a reduced price to benefit the community). In these situations, the Government will often provide a Community Service Obligation (CSO) payment to the entity for the cost of delivering the service.

Transport Services Contract (TSC) payments are made to Queensland Rail to provide rail passenger services at non-commercial (subsidised) prices for the commuter and tourism markets.

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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 and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

Total forecast PNFC Sector CSO and TSC payments for 2018-19 are estimated to be \$2.270 billion, equal to the \$2.270 billion forecast at the time of the 2018-19 State Budget.

In 2019-20, it is estimated that the Government will provide CSO and TSC payments to PNFC Sector entities of \$2.309 billion. This is forecast to increase to \$2.436 billion by 2022-23, largely driven by the TSC. The increase in the TSC is due to a mix of factors such as changes in patronage, escalation of service delivery costs and forecast growth in services.

Water CSOs are forecast to reduce reflecting the inclusion of current Government approved amounts only. In future years, further approval processes will be undertaken for those elements which are not currently included but are expected to continue into the future.

Table 8.6 Community service obligation payments and Transport Services Contracts¹

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	478	462	462	498	421	437	422
Rail	1,646	1,797	1,797	1,801	1,882	1,964	2,014
Water	11	11	10	10	7	7	—
Total PNFC Sector	2,136	2,270	2,270	2,309	2,310	2,408	2,436

Note:

- 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 forecast PNFC Sector equity movements for 2018-19 are estimated to be an increase of \$492 million.

Equity movements across the forward estimates are primarily influenced by the electricity networks sector. These equity movements reflect changes to ensure an efficient level of gearing is maintained for EQL and Powerlink.

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Over the forward estimates, CleanCo will receive \$180 million initial equity funding as well as \$250 million to build, own and operate a renewable energy project, pending a business case. As part of the electricity generation restructure, Stanwell makes a \$160 million equity return in 2018-19 and will pay a \$100 million special dividend in 2019-20.

Queensland Rail will receive equity injections of \$460 million in 2018-19 for the Moreton Bay Rail Link project, and \$35 million in 2022-23 to support its capital program.

Over the forward estimates, Port of Townsville will receive equity injections totalling \$120 million for the Channel Capacity Upgrade project and Ports North will receive \$60 million for the Cairns Shipping Development Project.

In 2019-20, Stadiums Queensland will receive an equity injection of \$35 million for the refurbishment of the Gabba.

In 2020-21, Sunwater will receive an equity injection of \$100 million to undertake essential dam safety upgrades at Burdekin Falls Dam, which aligns with the updated timing for completion of the project's business case.

Table 8.7 **Equity movements¹**

	2017-18 Actual \$ million	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Electricity Networks	(50)	(110)	(74)	(106)	(130)	(439)	(311)
Electricity Generation	—	—	20	50	101	—	—
Rail	(5)	460	460	—	—	—	35
Ports	—	60	90	40	15	15	20
Water	(5)	(4)	(4)	—	100	—	—
Other ²	2	—	—	35	—	—	—
Total PNFC Sector	(58)	406	492	19	86	(424)	(256)

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 including Stadiums Queensland.

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.

Most recently, the UPF was reviewed 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, the chapter provides:

- a reconciliation of the General Government Sector net operating balance to the accounting operating result
- a time series for the General Government Sector using the revised UPF
- details of General Government Sector grant revenue and expenses
- details of General Government Sector dividend and income tax equivalent income
- data on General Government Sector expenses and purchases of non-financial assets by function
- details of taxation revenue collected by the General Government Sector
- details of contingent liabilities
- background information on the revised UPF and disclosure differences arising from it, including the conceptual basis, sector definitions and a list of reporting entities.

9.2 Uniform Presentation Framework financial information

The tables on the following pages present operating statements, balance sheets and cash flow statements prepared on a harmonised basis for the General Government, Public Non-financial Corporations (PNFC) and Non-financial Public Sectors.

Under the UPF requirements, budgeted financial information for the Public Financial Corporations sector is not included.

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Table 9.1 General Government Sector Operating Statement¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue from Transactions							
Taxation revenue	13,244	14,155	14,005	15,164	15,777	16,601	17,525
Grants revenue	27,966	27,701	28,709	28,003	29,846	30,670	31,404
Sales of goods and services	5,884	5,731	5,869	6,004	6,190	6,307	6,389
Interest income	2,389	2,201	2,247	2,141	2,006	1,953	1,958
Dividend and income tax equivalent income	2,920	2,217	2,661	2,237	1,653	1,680	1,848
Other revenue	5,685	5,733	6,575	6,837	6,257	6,372	6,417
Total Revenue from Transactions	58,087	57,738	60,068	60,387	61,729	63,583	65,540
<i>Less</i> Expenses from Transactions							
Employee expenses	22,678	23,807	24,096	25,396	25,728	26,709	27,724
Superannuation expenses							
Superannuation interest cost	667	667	642	516	542	580	624
Other superannuation expenses	2,744	2,887	3,044	3,093	3,202	3,257	3,292
Other operating expenses	17,258	15,774	16,791	15,790	15,907	16,363	16,733
Depreciation and amortisation	3,325	3,429	3,449	3,961	4,097	4,231	4,334
Other interest expenses	1,614	1,474	1,514	1,688	1,721	1,797	1,848
Grants expenses	8,048	9,552	9,691	9,754	10,219	10,164	10,197
Total Expenses from Transactions	56,335	57,590	59,226	60,198	61,416	63,101	64,753
<i>Equals</i> Net Operating Balance	1,753	148	841	189	313	483	787
<i>Plus</i> Other economic flows - included in operating result	(384)	85	(938)	16	1	317	247
<i>Equals</i> Operating Result	1,368	233	(97)	204	314	799	1,034
<i>Plus</i> Other economic flows - other movements in equity	(596)	2,717	585	2,495	2,917	2,812	3,007
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	772	2,950	488	2,699	3,231	3,611	4,041
KEY FISCAL AGGREGATES							
Net Operating Balance	1,753	148	841	189	313	483	787
<i>Less</i> Net Acquisition of Non-financial Assets							
Purchases of non-financial assets	5,127	5,927	6,060	6,727	7,125	7,963	6,179
<i>Less</i> Sales of non-financial assets	291	345	292	305	250	260	251
<i>Less</i> Depreciation	3,325	3,429	3,449	3,961	4,097	4,231	4,334
<i>Plus</i> Change in inventories	13	(4)	47	17	32	(3)	(11)
<i>Plus</i> Other movements in non-financial assets	815	1,032	1,152	1,238	1,169	1,294	935
<i>Equals</i> Total Net Acquisition of Non-financial Assets	2,339	3,181	3,518	3,716	3,980	4,763	2,518
<i>Equals</i> Fiscal Balance	(586)	(3,033)	(2,677)	(3,527)	(3,667)	(4,280)	(1,731)

Note:

1. Numbers may not add due to rounding.

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Table 9.2 Public Non-financial Corporations Sector Operating Statement¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue from Transactions							
Grants revenue	640	632	561	588	507	524	503
Sales of goods and services	12,435	11,718	12,142	11,981	11,828	12,132	12,637
Interest income	77	52	67	55	54	53	53
Dividend and income tax equivalent income	13	13	13	13	13	13	13
Other revenue	487	318	433	474	345	337	356
Total Revenue from Transactions	13,652	12,733	13,215	13,111	12,747	13,059	13,562
<i>Less</i> Expenses from Transactions							
Employee expenses	1,705	1,981	2,010	2,152	2,170	2,198	2,238
Superannuation expenses							
Superannuation interest cost	(11)	—	—	—	—	—	—
Other superannuation expenses	218	164	212	216	222	225	230
Other operating expenses	4,573	4,032	3,903	3,998	4,021	3,987	4,117
Depreciation and amortisation	2,480	2,618	2,776	2,857	2,896	2,970	2,972
Other interest expenses	1,903	1,908	1,876	1,847	1,862	1,879	1,884
Grants expenses	21	22	16	17	18	18	19
Other property expenses	870	637	886	724	553	545	581
Total Expenses from Transactions	11,759	11,361	11,679	11,811	11,741	11,823	12,040
<i>Equals</i> Net Operating Balance	1,893	1,372	1,536	1,300	1,006	1,236	1,522
<i>Plus</i> Other economic flows - included in operating result	(210)	(29)	227	7	(46)	(234)	(363)
<i>Equals</i> Operating Result	1,684	1,343	1,763	1,307	960	1,002	1,159
<i>Plus</i> Other economic flows - other movements in equity	(653)	(532)	(796)	(823)	(278)	(787)	(706)
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	1,030	810	967	484	683	215	453
KEY FISCAL AGGREGATES							
Net Operating Balance	1,893	1,372	1,536	1,300	1,006	1,236	1,522
<i>Less</i> Net Acquisition of Non-financial Assets							
Purchases of non-financial assets	2,509	3,130	2,801	3,496	3,322	3,247	2,461
<i>Less</i> Sales of non-financial assets	47	11	44	21	5	—	3
<i>Less</i> Depreciation	2,480	2,618	2,776	2,857	2,896	2,970	2,972
<i>Plus</i> Change in inventories	36	35	36	(2)	(5)	—	5
<i>Plus</i> Other movements in non-financial assets	79	68	72	71	85	89	93
<i>Equals</i> Total Net Acquisition of Non-financial Assets	97	604	90	687	500	366	(416)
<i>Equals</i> Fiscal Balance	1,797	767	1,446	613	506	871	1,938

Note:

1. Numbers may not add due to rounding.

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Table 9.3 Non-financial Public Sector Operating Statement¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue from Transactions							
Taxation revenue	12,988	13,892	13,724	14,867	15,458	16,258	17,166
Grants revenue	28,006	27,788	28,745	28,028	29,871	30,696	31,429
Sales of goods and services	16,375	15,353	15,854	15,845	15,719	16,094	16,730
Interest income	2,421	2,219	2,270	2,160	2,025	1,966	1,965
Dividend and income tax equivalent income	217	164	149	164	185	206	237
Other revenue	6,168	6,051	6,957	7,207	6,284	6,339	6,513
Total Revenue from Transactions	66,175	65,467	67,699	68,272	69,542	71,558	74,040
<i>Less</i> Expenses from Transactions							
Employee expenses	24,283	25,688	25,987	27,430	27,775	28,782	29,836
Superannuation expenses							
Superannuation interest cost	656	667	642	516	542	580	624
Other superannuation expenses	2,962	3,051	3,256	3,309	3,423	3,483	3,522
Other operating expenses	19,868	17,703	18,481	17,539	17,308	17,629	18,290
Depreciation and amortisation	5,804	6,047	6,225	6,818	6,994	7,201	7,306
Other interest expenses	3,336	3,198	3,192	3,330	3,360	3,427	3,464
Grants expenses	7,469	9,029	9,182	9,208	9,753	9,681	9,736
Total Expenses from Transactions	64,378	65,383	66,965	68,148	69,155	70,783	72,778
<i>Equals</i> Net Operating Balance	1,797	84	734	124	387	775	1,262
<i>Plus</i> Other economic flows - included in operating result	(644)	(54)	(785)	(183)	(174)	(357)	(428)
<i>Equals</i> Operating Result	1,153	31	(51)	(60)	213	419	835
<i>Plus</i> Other economic flows - other movements in equity	(380)	2,920	539	2,759	3,018	3,192	3,206
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	773	2,950	488	2,699	3,231	3,611	4,041
KEY FISCAL AGGREGATES							
Net Operating Balance	1,797	84	734	124	387	775	1,262
<i>Less</i> Net Acquisition of Non-financial Assets							
Purchases of non-financial assets	7,644	9,057	8,856	10,223	10,447	11,210	8,640
<i>Less</i> Sales of non-financial assets	339	356	335	326	255	260	255
<i>Less</i> Depreciation	5,804	6,047	6,225	6,818	6,994	7,201	7,306
<i>Plus</i> Change in inventories	49	31	83	15	27	(2)	(6)
<i>Plus</i> Other movements in non-financial assets	894	1,100	1,224	1,309	1,254	1,382	1,028
<i>Equals</i> Total Net Acquisition of Non-financial Assets	2,443	3,785	3,602	4,403	4,479	5,129	2,102
<i>Equals</i> Fiscal Balance	(647)	(3,701)	(2,868)	(4,279)	(4,092)	(4,353)	(840)

Note:

1. Numbers may not add due to rounding.

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Table 9.4 General Government Sector Balance Sheet¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Assets							
Financial Assets							
Cash and deposits	1,298	303	489	407	489	467	450
Advances paid	629	703	676	620	629	653	675
Investments, loans and placements	32,846	30,306	32,125	31,318	30,429	30,370	30,248
Receivables	4,750	4,182	4,377	4,019	3,663	4,136	4,696
Equity							
Investments in other public sector entities	23,120	23,812	23,951	24,435	25,118	25,333	25,785
Investments - other	155	154	151	147	147	147	147
Total Financial Assets	62,797	59,460	61,769	60,945	60,475	61,106	62,001
Non-financial Assets							
Land and other fixed assets ²	200,458	207,985	205,180	212,382	218,163	224,136	228,059
Other non-financial assets	7,392	6,767	6,634	6,874	6,944	7,030	7,160
Total Non-financial Assets	207,850	214,752	211,814	219,256	225,107	231,165	235,219
Total Assets	270,647	274,212	273,583	280,202	285,582	292,271	297,220
Liabilities							
Payables	4,396	4,088	4,265	4,148	4,215	4,273	4,326
Superannuation liability	26,000	23,414	26,739	25,567	24,107	22,409	20,660
Other employee benefits	5,974	5,888	7,073	7,177	7,291	7,444	7,572
Deposits held	2	2	2	2	2	2	2
Advances received	2,747	1,814	2,270	1,616	1,441	1,210	1,255
Borrowing with QTC	29,256	29,735	29,933	32,781	35,218	40,174	42,589
Leases and similar arrangements ²	2,152	2,556	2,623	5,824	7,071	6,943	6,966
Securities and derivatives	122	19	122	122	122	122	122
Other liabilities	4,290	4,059	4,358	4,068	3,988	3,957	3,949
Total Liabilities	74,939	71,575	77,386	81,306	83,455	86,533	87,441
Net Worth	195,708	202,636	196,197	198,896	202,126	205,738	209,778
Net Financial Worth	(12,141)	(12,115)	(15,617)	(20,361)	(22,980)	(25,428)	(25,441)
Net Financial Liabilities	35,261	35,928	39,568	44,796	48,098	50,760	51,226
Net Debt	(494)	2,815	1,661	8,001	12,306	16,961	19,562

Notes:

- Numbers may not add due to rounding.
- Approximately \$2.2 billion of the increase in 2019-20 is due to the new lease accounting standard AASB16 which brings operating leases onto the balance sheet of lessees.

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Table 9.5 Public Non-financial Corporations Sector Balance Sheet¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Assets							
Financial Assets							
Cash and deposits	581	465	599	697	817	949	1,254
Advances paid	2,284	1,360	1,869	1,327	1,219	1,037	1,131
Investments, loans and placements	482	547	545	469	461	472	485
Receivables	1,580	1,432	1,703	1,601	1,584	1,578	1,601
Equity							
Investments - other	238	240	250	250	250	250	250
Total Financial Assets	5,165	4,043	4,967	4,345	4,332	4,287	4,721
Non-financial Assets							
Land and other fixed assets ²	62,506	63,882	63,881	65,791	67,119	68,160	68,387
Other non-financial assets	1,113	1,203	1,220	1,220	1,190	1,166	1,137
Total Non-financial Assets	63,619	65,085	65,101	67,011	68,308	69,325	69,524
Total Assets	68,784	69,128	70,068	71,356	72,640	73,612	74,245
Liabilities							
Payables	3,495	2,890	3,183	2,695	2,333	2,834	3,046
Superannuation liability	(368)	(316)	(368)	(368)	(368)	(368)	(368)
Other employee benefits	769	746	719	742	754	769	783
Deposits held	15	17	17	17	17	17	17
Advances received	7	6	6	5	5	4	3
Borrowing with QTC	37,708	38,279	38,208	39,173	40,195	40,471	40,384
Leases and similar arrangements ²	—	—	—	392	358	324	288
Securities and derivatives	283	281	549	422	380	370	370
Other liabilities	7,970	7,901	7,883	7,922	7,929	7,939	8,016
Total Liabilities	49,879	49,805	50,197	51,000	51,602	52,359	52,539
Net Worth	18,905	19,323	19,872	20,356	21,038	21,253	21,706
Net Financial Worth	(44,715)	(45,761)	(45,230)	(46,655)	(47,270)	(48,072)	(47,818)
Net Debt	34,667	36,212	35,767	37,516	38,458	38,727	38,192

Notes:

- Numbers may not add due to rounding.
- Approximately \$400 million of the increase in 2019-20 is due to the new lease accounting standard AASB16 which brings operating leases onto the balance sheet of lessees.

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Table 9.6 Non-financial Public Sector Balance Sheet¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Assets							
Financial Assets							
Cash and deposits	1,879	768	1,088	1,104	1,307	1,416	1,704
Advances paid	622	682	670	615	624	649	671
Investments, loans and placements	33,328	30,852	32,669	31,787	30,890	30,843	30,732
Receivables	4,273	3,808	4,142	4,008	4,072	4,174	4,670
Equity							
Investments in other public sector entities	4,216	4,490	4,080	4,080	4,080	4,080	4,080
Investments - other	393	394	401	397	397	397	397
Total Financial Assets	44,711	40,994	43,050	41,991	41,370	41,559	42,255
Non-financial Assets							
Land and other fixed assets ²	262,964	271,866	269,060	278,173	285,281	292,295	296,445
Other non-financial assets	1,591	1,014	1,187	1,300	1,244	1,130	1,005
Total Non-financial Assets	264,554	272,880	270,248	279,473	286,525	293,425	297,450
Total Assets	309,265	313,874	313,298	321,463	327,895	334,984	339,705
Liabilities							
Payables	5,861	5,193	5,537	5,259	5,401	5,596	5,775
Superannuation liability	25,632	23,098	26,371	25,199	23,739	22,041	20,292
Other employee benefits	6,743	6,634	7,792	7,920	8,046	8,213	8,356
Deposits held	18	19	19	19	19	19	19
Advances received	462	439	400	289	222	173	125
Borrowing with QTC	66,964	68,015	68,141	71,954	75,413	80,645	82,972
Leases and similar arrangements ²	2,152	2,556	2,623	6,217	7,430	7,266	7,254
Securities and derivatives	405	300	671	544	502	492	492
Other liabilities	5,319	4,982	5,546	5,168	4,998	4,801	4,642
Total Liabilities	113,556	111,237	117,101	122,568	125,769	129,247	129,927
Net Worth	195,709	202,636	196,197	198,896	202,126	205,738	209,778
Net Financial Worth	(68,845)	(70,243)	(74,051)	(80,577)	(84,399)	(87,687)	(87,672)
Net Financial Liabilities	73,062	74,733	78,131	84,657	88,479	91,768	91,752
Net Debt	34,173	39,027	37,428	45,517	50,764	55,688	57,755

Notes:

1. Numbers may not add due to rounding.
2. Approximately \$2.6 billion of the increase in 2019-20 is due to the new lease accounting standard AASB16 which brings operating leases onto the balance sheet of lessees.

Table 9.7 General Government Sector Cash Flow Statement¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Cash Receipts from Operating Activities							
Taxes received	13,232	14,153	14,003	15,162	15,776	16,600	17,523
Grants and subsidies received	28,020	27,712	28,991	28,000	29,846	30,662	31,038
Sales of goods and services	5,916	5,947	6,175	6,294	6,423	6,545	6,630
Interest receipts	2,389	2,199	2,245	2,139	2,004	1,951	1,956
Dividends and income tax equivalents	2,668	2,619	2,815	2,565	2,083	1,593	1,654
Other receipts	6,992	7,007	8,027	8,226	7,603	7,766	7,770
Total Operating Receipts	59,216	59,637	62,256	62,386	63,734	65,117	66,572
Cash Payments for Operating Activities							
Payments for employees	(25,964)	(27,701)	(27,598)	(29,080)	(29,521)	(30,622)	(31,804)
Payments for goods and services	(18,496)	(17,635)	(18,802)	(18,152)	(17,982)	(18,458)	(18,797)
Grants and subsidies	(8,014)	(9,492)	(9,799)	(9,649)	(10,132)	(10,119)	(10,077)
Interest paid	(1,590)	(1,474)	(1,513)	(1,669)	(1,665)	(1,703)	(1,752)
Other payments	(1)	—	(1)	(1)	(1)	(1)	(1)
Total Operating Payments	(54,066)	(56,303)	(57,712)	(58,550)	(59,301)	(60,904)	(62,430)
Net Cash Inflows from Operating Activities	5,150	3,334	4,544	3,836	4,433	4,213	4,142
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(5,127)	(5,927)	(6,060)	(6,727)	(7,125)	(7,963)	(6,179)
Sales of non-financial assets	291	345	292	305	250	260	251
Net Cash Flows from Investments in Non-financial Assets	(4,835)	(5,582)	(5,769)	(6,422)	(6,875)	(7,703)	(5,928)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	534	(53)	(92)	28	(100)	121	338
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	(1,095)	2,877	1,426	3,611	2,037	100	155
Receipts from Financing Activities							
Advances received (net)	905	(410)	(475)	(651)	(173)	(228)	48
Borrowing (net)	(396)	(393)	(452)	(486)	759	3,473	1,225
Deposits received (net)	7	(47)	—	—	—	—	—
Net Cash Flows from Financing Activities	517	(851)	(927)	(1,137)	586	3,245	1,273
Net Increase/(Decrease) in Cash held	271	(275)	(816)	(85)	81	(24)	(18)
Net cash from operating activities	5,150	3,334	4,544	3,836	4,433	4,213	4,142
Net cash flows from investments in non-financial assets	(4,835)	(5,582)	(5,769)	(6,422)	(6,875)	(7,703)	(5,928)
Surplus/(Deficit)	315	(2,248)	(1,224)	(2,586)	(2,442)	(3,490)	(1,785)
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	315	(2,248)	(1,224)	(2,586)	(2,442)	(3,490)	(1,785)
Acquisitions under finance leases and similar arrangements	(584)	(864)	(974)	(1,119)	(1,019)	(1,117)	(832)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(269)	(3,112)	(2,198)	(3,705)	(3,461)	(4,607)	(2,617)

Note:

1. Numbers may not add due to rounding.

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Table 9.8 Public Non-financial Corporations Sector Cash Flow Statement¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Cash Receipts from Operating Activities							
Grants and subsidies received	707	585	551	572	492	509	488
Sales of goods and services	14,226	13,113	13,267	13,130	12,926	13,258	13,803
Interest receipts	73	52	66	56	54	53	52
Dividends and income tax equivalents	13	13	13	13	13	13	13
Other receipts	426	215	286	486	242	223	228
Total Operating Receipts	15,445	13,977	14,182	14,257	13,727	14,056	14,584
Cash Payments for Operating Activities							
Payments for employees	(1,885)	(2,143)	(2,273)	(2,344)	(2,377)	(2,408)	(2,454)
Payments for goods and services	(5,615)	(4,610)	(4,619)	(4,801)	(4,774)	(4,711)	(4,880)
Grants and subsidies	(270)	(264)	(298)	(233)	(46)	(18)	(19)
Interest paid	(1,896)	(1,910)	(1,876)	(1,833)	(1,842)	(1,866)	(1,867)
Other payments	(1,452)	(1,172)	(1,395)	(1,313)	(1,043)	(992)	(1,054)
Total Operating Payments	(11,118)	(10,098)	(10,461)	(10,525)	(10,082)	(9,995)	(10,273)
Net Cash Inflows from Operating Activities	4,327	3,879	3,722	3,732	3,645	4,061	4,311
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(2,509)	(3,130)	(2,801)	(3,496)	(3,322)	(3,247)	(2,461)
Sales of non-financial assets	47	11	44	21	5	—	3
Net Cash Flows from Investments in Non-financial Assets	(2,462)	(3,119)	(2,758)	(3,475)	(3,316)	(3,247)	(2,458)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(988)	284	341	436	(22)	17	(513)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	71	(3)	(47)	(12)	(12)	(13)	(14)
Receipts from Financing Activities							
Advances received (net)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	(32)	471	500	925	977	231	(133)
Dividends paid	(1,658)	(1,805)	(1,850)	(1,633)	(1,365)	(932)	(944)
Deposits received (net)	(2)	—	1	—	—	—	—
Other financing (net)	(138)	60	110	125	215	15	55
Net Cash Flows from Financing Activities	(1,831)	(1,275)	(1,240)	(583)	(174)	(687)	(1,022)
Net Increase/(Decrease) in Cash held	(883)	(233)	18	97	121	132	304
Net cash from operating activities	4,327	3,879	3,722	3,732	3,645	4,061	4,311
Net cash flows from investments in non-financial assets	(2,462)	(3,119)	(2,758)	(3,475)	(3,316)	(3,247)	(2,458)
Dividends paid	(1,658)	(1,805)	(1,850)	(1,633)	(1,365)	(932)	(944)
Surplus/(Deficit)	207	(1,045)	(886)	(1,376)	(1,037)	(117)	910
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	207	(1,045)	(886)	(1,376)	(1,037)	(117)	910
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	207	(1,045)	(886)	(1,376)	(1,037)	(117)	910

Note:

- Numbers may not add due to rounding.

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Table 9.9 Non-financial Public Sector Cash Flow Statement¹

	2017-18 Outcome \$ million	2018-19 Budget \$ million	2018-19 Est. Actual \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Cash Receipts from Operating Activities							
Taxes received	12,982	13,891	13,723	14,866	15,457	16,257	17,165
Grants and subsidies received	28,048	27,788	29,015	28,008	29,857	30,672	31,048
Sales of goods and services	18,210	16,609	16,759	16,728	16,489	16,885	17,560
Interest receipts	2,421	2,217	2,267	2,157	2,023	1,963	1,963
Dividends and income tax equivalents	220	166	159	154	172	188	216
Other receipts	7,416	7,222	8,268	8,602	7,527	7,619	7,737
Total Operating Receipts	69,298	67,892	70,191	70,517	71,524	73,586	75,690
Cash Payments for Operating Activities							
Payments for employees	(27,749)	(29,743)	(29,751)	(31,304)	(31,776)	(32,906)	(34,131)
Payments for goods and services	(22,157)	(19,789)	(20,697)	(20,143)	(19,577)	(19,877)	(20,540)
Grants and subsidies	(7,602)	(9,247)	(9,569)	(9,318)	(9,694)	(9,636)	(9,616)
Interest paid	(3,315)	(3,202)	(3,192)	(3,297)	(3,284)	(3,320)	(3,351)
Other payments	(647)	(503)	(571)	(518)	(480)	(501)	(542)
Total Operating Payments	(61,470)	(62,484)	(63,781)	(64,582)	(64,811)	(66,241)	(68,180)
Net Cash Inflows from Operating Activities	7,827	5,408	6,410	5,935	6,713	7,345	7,510
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(7,644)	(9,057)	(8,856)	(10,223)	(10,447)	(11,210)	(8,640)
Sales of non-financial assets	339	356	335	326	255	260	255
Net Cash Flows from Investments in Non-financial Assets	(7,305)	(8,701)	(8,520)	(9,897)	(10,192)	(10,950)	(8,385)
Net Cash Flows from Investments in Financial Assets for Policy Purposes							
	484	(104)	(57)	46	(16)	(30)	(26)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes							
	(1,024)	2,873	1,379	3,599	2,025	86	141
Receipts from Financing Activities							
Advances received (net)	(34)	(16)	(60)	(109)	(65)	(46)	(46)
Borrowing (net)	(428)	78	48	439	1,736	3,704	1,092
Deposits received (net)	5	(47)	1	—	—	—	—
Other financing (net)	(138)	—	—	—	—	—	—
Net Cash Flows from Financing Activities	(595)	15	(11)	330	1,671	3,658	1,046
Net Increase/(Decrease) in Cash held	(612)	(509)	(798)	13	202	110	286
Net cash from operating activities	7,827	5,408	6,410	5,935	6,713	7,345	7,510
Net cash flows from investments in non-financial assets	(7,305)	(8,701)	(8,520)	(9,897)	(10,192)	(10,950)	(8,385)
Surplus/(Deficit)	522	(3,293)	(2,110)	(3,962)	(3,478)	(3,605)	(876)
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	522	(3,293)	(2,110)	(3,962)	(3,478)	(3,605)	(876)
Acquisitions under finance leases and similar arrangements	(584)	(864)	(974)	(1,119)	(1,019)	(1,117)	(832)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(62)	(4,157)	(3,084)	(5,081)	(4,498)	(4,721)	(1,707)

Note:

1. Numbers may not add due to rounding.

9.3 Reconciliation of net operating balance to accounting operating result

The primary difference between the net operating balance and the accounting operating result calculated under Australian Accounting Standards is that valuation adjustments are excluded from the net operating balance.

Data presented in Table 9.10 provides a reconciliation of the General Government Sector net operating balance to the accounting operating result.

Table 9.10 Reconciliation of UPF net operating balance to accounting operating result¹

	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million
Net operating balance General Government sector (Table 9.1)	148	841	189
<i>Remeasurement/valuation adjustments</i>			
Bad debts and amortisation	(96)	(118)	(103)
Deferred tax equivalents	(1)	(60)	(111)
Dividends from network GOCs under Debt Action Plan (treated as return of equity for UPF)	110	74	206
Market value adjustments on financial assets and liabilities	11	46	9
Revaluation of provisions	87	(864)	48
Decommissioned infrastructure assets and land under roads	(12)	—	—
Gain/(loss) on assets sold/written off/impaired	(12)	(16)	(33)
Accounting operating result General Government sector	233	(97)	204

Note:

1. Numbers may not add due to rounding.

9.4 General Government Sector time series

Data presented in Table 9.11 provides a time series from 2006-07 to 2017-18 for the General Government Sector on the key fiscal aggregates used by the Government to measure financial performance. These aggregates have been backcast (as far as possible) to comply with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

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Table 9.11 General Government Sector time series¹

	2006-07 Actual \$ million	2007-08 Actual \$ million	2008-09 Actual \$ million	2009-10 Actual \$ million	2010-11 Actual \$ million	2011-12 Actual \$ million	2012-13 Actual \$ million	2013-14 Actual \$ million	2014-15 Actual \$ million	2015-16 Actual \$ million	2016-17 Actual \$ million	2017-18 Actual \$ million
Revenue from Transactions												
Taxation revenue	8,484	9,546	8,866	9,375	9,981	10,608	10,937	11,840	12,598	12,547	12,919	13,244
Grant revenue	14,378	15,510	17,481	20,205	20,338	22,652	18,322	21,740	23,583	23,740	27,384	27,966
Sales of goods and services	2,909	3,357	3,648	3,961	4,172	5,002	5,087	5,039	5,443	5,712	5,642	5,884
Interest income	3,338	(275)	1,482	2,204	2,368	2,485	2,644	2,460	2,470	2,543	2,351	2,389
Dividend and income tax equivalent income	858	1,244	1,180	949	1,232	1,112	1,351	1,975	2,554	2,661	2,675	2,920
Other revenue	2,032	2,041	4,421	3,033	3,921	3,942	3,415	3,650	3,322	3,577	5,223	5,685
Total Revenue	31,999	31,424	37,078	39,727	42,013	45,801	41,755	46,705	49,970	50,780	56,194	58,087
Expenses from Transactions												
Employee expenses	11,731	13,175	14,310	15,566	16,826	18,250	18,130	17,816	18,592	20,045	21,258	22,678
Superannuation expenses												
Superannuation interest costs	1,154	816	858	1,320	1,240	1,216	923	963	878	767	514	667
Other superannuation expenses	1,513	1,865	2,012	2,051	2,171	2,301	2,420	2,277	2,319	2,507	2,661	2,744
Other operating expenses	6,138	6,646	7,300	7,568	8,646	9,497	12,817	13,108	14,539	14,811	15,578	17,258
Depreciation and amortisation	1,764	1,851	2,496	2,501	2,507	2,777	2,902	3,060	3,137	2,921	3,068	3,325
Other interest expenses	180	347	599	803	1,125	1,659	1,940	2,200	2,328	2,220	1,722	1,614
Grant expenses	7,565	8,329	9,525	9,790	10,963	10,327	7,182	6,792	7,758	6,841	8,568	8,048
Total Expenses	30,046	33,030	37,099	39,599	43,479	46,028	46,312	46,217	49,551	50,112	53,369	56,335
Net Operating Balance	1,953	(1,606)	(21)	128	(1,466)	(226)	(4,558)	488	420	668	2,825	1,753
OTHER KEY AGGREGATES												
Purchases of non-financial assets	4,412	5,725	6,772	8,959	8,237	7,971	7,001	6,323	4,635	4,044	4,620	5,127
Net acquisition of non-financial assets	2,157	3,680	4,349	6,665	5,583	5,241	3,389	3,087	992	1,164	2,265	2,339

Fiscal Balance	(204)	(5,286)	(4,371)	(6,537)	(7,049)	(5,467)	(7,947)	(2,599)	(572)	(497)	560	(586)
Cash Surplus/(Deficit)	2,360	(4,924)	(2,866)	(5,341)	(5,880)	(4,951)	(8,585)	(3,213)	(105)	866	1,448	315
Net Worth	118,532	193,838	184,277	175,588	177,875	170,745	172,963	166,492	171,933	188,099	194,988	195,708
Net Debt	(26,622)	(22,586)	(19,251)	(13,354)	(9,542)	(5,720)	2,399	5,208	5,749	653	(355)	(494)
Borrowing with QTC ²	1,984	5,819	9,671	15,182	23,711	28,391	36,508	39,864	41,343	34,200	31,358	29,256
Leases and similar arrangements	274	508	637	734	882	1,126	1,370	1,503	1,761	1,286	1,882	2,152
Borrowing with QTC (NFPS)	19,857	29,358	41,726	50,745	52,521	60,205	67,116	70,668	73,256	71,160	69,107	66,964
Leases and similar arrangements (NFPS)	302	545	637	735	884	1,127	1,559	1,752	1,802	1,316	1,882	2,152
Securities and derivatives (NFPS)	3,812	953	282	234	303	210	411	216	175	446	895	405

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 2006-07 to 2017-18. (Numbers have been recast for changes to UPF presentation.)

9.5 Other General Government uniform presentation framework data

Data in the following tables is presented in accordance with the UPF.

9.5.1 Grants

Data presented in Tables 9.12 and 9.13 provide details of General Government Sector current and capital grant revenue and expenses.

Table 9.12 General Government Sector grant revenue¹

	2018-19 Est. Act. \$ million	2019-20 Budget \$ million
Current grant revenue		
Current grants from the Commonwealth		
General purpose grants	14,470	14,233
Specific purpose grants	8,746	8,329
Specific purpose grants for on-passing	3,238	3,147
Total current grants from the Commonwealth	26,454	25,709
Other contributions and grants	342	294
Total current grant revenue	26,797	26,003
Capital grant revenue		
Capital grants from the Commonwealth		
Specific purpose grants	1,870	1,996
Specific purpose grants for on-passing	5	—
Total capital grants from the Commonwealth	1,875	1,996
Other contributions and grants	38	4
Total capital grant revenue	1,913	2,000
Total grant revenue	28,709	28,003

Note:

1. Numbers may not add due to rounding.

Table 9.13 General Government Sector grant expenses¹

	2018-19	2019-20
	Est. Act.	Budget
	\$ million	\$ million
Current grant expense		
Private and Not-for-profit sector	2,327	2,402
Private and Not-for-profit sector on-passing	2,759	2,912
Local Government	361	221
Local Government on-passing	492	251
Grants to other sectors of Government	1,671	1,806
Other	362	554
Total current grant expense	7,971	8,145
Capital grant expense		
Private and Not-for-profit sector	366	492
Local Government	1,209	997
Local Government on-passing	5	—
Grants to other sectors of Government	13	10
Other	127	110
Total capital grant expense	1,720	1,609
Total grant expense	9,691	9,754

Note:

1. Numbers may not add due to rounding.

9.5.2 Dividends and income tax equivalent income

Table 9.14 provides details of the source of dividend and income tax equivalent income in the General Government Sector.

Table 9.14 General Government Sector dividend and income tax equivalent income¹

	2018-19	2019-20
	Est. Act.	Budget
	\$ million	\$ million
Dividend and Income Tax Equivalent income from PNFC sector	2,525	2,085
Dividend and Income Tax Equivalent income from PFC sector	136	151
Total Dividend and Income Tax Equivalent income	2,661	2,237

Note:

1. Numbers may not add due to rounding.

9.5.3 Expenses by function

Data presented in Table 9.15 provides details of General Government Sector expenses by function.

Table 9.15 General Government Sector expenses by function¹

	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
General public services	5,368	5,583	5,073	4,846	5,064	5,006
Public order and safety	5,154	5,347	5,652	5,660	5,710	5,900
Economic affairs	2,241	2,142	2,431	2,185	1,939	1,901
Environmental protection	631	745	624	737	691	659
Housing and community amenities	275	1,093	1,108	1,006	1,045	1,021
Health	17,347	18,304	18,761	19,139	19,887	20,718
Recreation, culture and religion	842	843	776	767	703	771
Education	14,006	14,243	15,013	15,765	16,319	16,946
Social protection	5,865	4,689	4,458	4,516	4,880	5,037
Transport	5,861	6,238	6,303	6,794	6,863	6,794
Total Expenses	57,590	59,226	60,198	61,416	63,101	64,753

Note:

- Numbers may not add due to rounding.

9.5.4 Purchases of non-financial assets by function

Data presented in Table 9.16 provides details of General Government Sector purchases of non-financial assets by function.

Table 9.16 General Government Sector purchases of non-financial assets by function¹

	2018-19 Budget \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
General public services	373	215	323	161	80	36
Public order and safety	555	426	697	659	515	202
Economic affairs	47	47	43	39	57	23
Environmental protection	67	62	66	30	26	17
Housing and community amenities	78	374	422	358	353	188
Health	1,099	723	771	883	1,031	542
Recreation, culture and religion	161	41	121	151	124	63
Education	711	858	1,242	885	622	387
Social protection	384	40	57	29	30	25
Transport	2,451	3,275	2,984	3,930	5,126	4,696
Total Purchases	5,927	6,060	6,727	7,125	7,963	6,179

Note:

- Numbers may not add due to rounding.

9.5.5 Taxes

Data presented in Table 9.17 provides details of taxation revenue collected by the General Government Sector.

Table 9.17 General Government Sector taxes¹

	2018-19 Est. Act. \$ million	2019-20 Budget \$ million
Taxes on employers' payroll and labour force	4,158	4,284
Taxes on property		
Land taxes	1,331	1,589
Stamp duties on financial and capital transactions	3,049	3,038
Other	727	1,299
Taxes on the provision of goods and services		
Taxes on gambling	1,331	1,410
Taxes on insurance	1,005	1,052
Taxes on use of goods and performance of activities		
Motor vehicle taxes	2,403	2,490
Total Taxation Revenue	14,005	15,164

Note:

1. Numbers may not add due to rounding.

9.6 Contingent liabilities

Contingent liabilities represent items that are not included in the Budget as significant uncertainty exists as to whether the Government would sacrifice future economic benefits in respect of these items. Nevertheless, such contingencies need to be recognised and managed wherever possible in terms of their potential impact on the Government’s financial position in the future.

The State’s quantifiable and non-quantifiable contingent liabilities are detailed in the *2017-18 Report on State Finances – whole-of-government financial statements* (note 43).

A summary of the State’s quantifiable contingent liabilities as at 30 June 2018 is provided in Table 9.18.

Table 9.18 Contingent liabilities

Nature of contingent liability	2017-18 \$ million
Guarantees and indemnities	11,203
Other	16
Total	11,219

9.7 Background and interpretation of uniform presentation framework

As mentioned in the introduction to this chapter, the UPF was reviewed in 2007 following the release of the AASB accounting standard, AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

This standard aims to harmonise GFS and GAAP with the objective of improving the clarity and transparency of government financial statements.

9.7.1 Accrual Government Finance Statistics framework

The GFS reporting framework, developed by the Australian Bureau of Statistics (ABS), is based on international statistics standards (the International Monetary Fund Manual on Government Finance Statistics and the United Nations System of National Accounts). This allows comprehensive assessments to be made of the economic impact of government.

The accrual GFS framework is based on an integrated recording of stocks and flows. Stocks refers to a unit’s holdings of assets and liabilities at a point in time, whilst flows represent the movement in the stock of assets and liabilities between two points in time. Flows comprise two separate types, transactions and other economic flows. Transactions come about as a result of mutually agreed interactions between units or within a single unit. Other economic flows would include revaluations and destruction or discovery of assets that do not result from a transaction.

In GFS operating statements, other economic flows, being outside of the control of government, are excluded and do not affect the net operating balance or fiscal balance.

9.7.2 Generally Accepted Accounting Principles

In addition to the GFS framework, public sector entities were previously required to report at year end against AAS 31 Financial Reporting by Government, which meant complying with the Accounting Standards issued by the AASB.

9.7.3 Harmonisation under AASB 1049

This dual reporting regime caused confusion for financial report users and the Financial Reporting Council asked the AASB to develop a framework harmonising GAAP and GFS and to issue an Australian accounting standard for a single set of government reports.

In the development of the AASB 1049, the AASB adopted the following approaches:

- adoption of GAAP definition, recognition and measurement principles in almost all cases
- amending presentation requirements to encompass a comprehensive result that retains GAAP classification system but overlays it with a transaction and other economic flows classification system based on GFS
- expanding the disclosure requirements to incorporate key fiscal aggregates required by GFS.

9.7.4 Revisions to the Uniform Presentation Framework

Following the introduction of AASB 1049, the Australian, state and territory governments consider that the UPF will continue to be an important framework for ensuring comparability of financial information across jurisdictions. The UPF shall continue to apply to financial statements produced by government in budgets, mid-year budget updates and final budget outcome reports, whereas the accounting standard applies only to outcome reports.

Therefore, rather than replacing the UPF with the accounting standard, the framework was updated to align with AASB 1049. Australia, state and territory governments agreed that the updated framework would continue to provide a common core of comparable financial information in their budget papers and comparable data amongst jurisdictions while maintaining at least the current level of transparency.

Aligning the framework with the AASB 1049 was not intended to create a UPF that complies with all the reporting requirements of AASB 1049. For example, the UPF does not include the same level of detail in relation to disclosure requirements as AASB 1049. Instead, the revised UPF allows jurisdictions to utilise the framework as the base set of statements and add additional relevant information in order to comply with AASB 1049.

9.8 Sector classification

GFS data is presented by institutional sector, distinguishing between the General Government Sector and the PNFC sector.

Budget reporting focuses on the General Government Sector, which provides regulatory services, and goods and services of a non-market nature that are provided at less than cost or at no cost. These services are largely financed by general revenue (Australian Government grants and state taxation). This service comprises government departments, their commercialised business units/shared service providers and certain statutory bodies.

The PNFC Sector comprises bodies that provide mainly market goods and services that are of a non-regulatory and non-financial nature. PNFCs are financed through sales to consumers of their goods and services and may be supplemented by explicit government subsidy to satisfy community service obligations. In general, PNFCs are legally distinguishable from the governments that own them. Examples of PNFCs include the energy entities and Queensland Rail.

Together, the General Government Sector and the PNFC Sector comprise the Non-financial Public Sector.

Further discussion of the GFS framework of reporting, including definitions of GFS terms, can be obtained from the webpage of the ABS at www.abs.gov.au.

9.9 Reporting entities

The reporting entities included in the General Government and PNFC Sectors in these Budget papers are provided below.

9.9.1 General Government

Departments

Aboriginal and Torres Strait Islander Partnerships
Agriculture and Fisheries
Child Safety, Youth and Women
Communities, Disability Services and Seniors
Education
Electoral Commission of Queensland
Employment, Small Business and Training
Environment and Science
Housing and Public Works
Innovation, Tourism Industry Development and the Commonwealth Games
Justice and Attorney-General
Legislative Assembly
Local Government, Racing and Multicultural Affairs
Natural Resources, Mines and Energy
Office of the Governor
Office of the Inspector-General Emergency Management
Office of the Ombudsman
Premier and Cabinet
Public Safety Business Agency
Public Service Commission
Queensland Audit Office
Queensland Corrective Services
Queensland Fire and Emergency Services
Queensland Health
Queensland Police Service
Queensland Treasury
State Development, Manufacturing, Infrastructure and Planning
The Public Trustee of Queensland
Transport and Main Roads
Youth Justice

Commercialised Business Units

Building and Asset Services
CITEC
Economic Development Queensland
QFleet
RoadTek

Shared Service Providers

Corporate Administration Agency
Queensland Shared Services

Statutory Authorities

Board of the Queensland Museum	Library Board of Queensland
Crime and Corruption Commission	Motor Accident Insurance Commission
Cross River Rail Delivery Authority	Nominal Defendant
Gold Coast 2018 Commonwealth Games Corporation	Office of the Information Commissioner
Gold Coast Waterways Authority	Office of the Health Ombudsman
Hospital and Health Services	Prostitution Licensing Authority
Cairns and Hinterland	Queensland Agricultural Training Colleges
Central Queensland	Queensland Art Gallery Board of Trustees
Central West	Queensland Building and Construction Commission
Children's Health Queensland	Queensland Curriculum and Assessment Authority
Darling Downs	Queensland Family and Child Commission
Gold Coast	Queensland Mental Health Commission
Mackay	Queensland Performing Arts Trust
Metro North	Queensland Racing Integrity Commission
Metro South	Queensland Reconstruction Authority
North West	Queensland Rural and Industry Development Authority
South West	Residential Tenancies Authority
Sunshine Coast	South Bank Corporation
Torres and Cape	TAFE Queensland
Townsville	The Council of the Queensland Institute of Medical Research
West Moreton	Tourism and Events Queensland
Wide Bay	Trade and Investment Queensland
Human Rights Commission	
Legal Aid Queensland	

9.9.2 Public Non-financial Corporations

Brisbane Port Holdings Pty Ltd
CleanCo Queensland Ltd
CS Energy Limited
DBCT Holdings Pty Ltd
Energy Queensland
Far North Queensland Ports Corporation Limited
Gladstone Area Water Board
Gladstone Ports Corporation Limited
Mount Isa Water Board
North Queensland Bulk Ports Corporation Limited
Port of Townsville Limited
Powerlink Queensland
Queensland Bulk Water Supply Authority (Seqwater)
Queensland Lottery Corporation Pty Ltd
Queensland Rail
Queensland Treasury Holdings Pty Ltd
Stadiums Queensland
Stanwell Corporation Limited
Sunwater Limited

Appendix A: Concessions statement

Context

The Queensland Government provides a wide range of concessions across a variety of services and products. In addition to targeted discounts, rebates and subsidies for Queenslanders based on eligibility criteria relating to factors such as age, income and special needs or disadvantage, broader concession arrangements are in place to reduce the price paid by all consumers in areas such as transport, electricity and water.

The majority of Queenslanders benefit from at least one concession and in many cases, may benefit from multiple concessions each year. For example, aged pensioners are eligible for a number of Queensland Government concessions, such as discounts on their council rates, water, gas and electricity bills, vehicle registration fees as well as subsidised optometry and dental services.

Further information on the eligibility requirements and benefits of a range of Government concessions can be found at:
<http://www.qld.gov.au/community/cost-of-living-support/concessions/>.

Focus

This statement highlights the cost and nature of concessions provided by the Queensland Government. It covers both concessions that are direct Budget outlays (for example, fee subsidy payments), and concessions that are revenue foregone through fees and charges that are set at a lower rate than applies to the wider community or, in the case of broader concessions, the full cost of service provision.

Sections A.2 and A.3 set out the individual concessions by agency and government-owned corporation (GOC) respectively, sorted in descending order. The total value of these concessions is estimated to be \$5.66 billion in 2019-20. This represents a significant Government and taxpayer commitment to improving the accessibility and affordability of a diverse range of services, and reducing the price paid by consumers of those services to ease cost of living pressures.

The 2019-20 concessions estimate is almost \$29 million higher than the 2018-19 estimated actual amount of \$5.631 billion, and more than \$ 75 million higher than the 2018-19 budget amount of \$5.584 billion. This takes into account the cessation of the Electricity Asset Ownership Dividend, which was a temporary measure to provide Queensland households with a \$50 electricity rebate in 2017-18 and 2018-19. This initiative was funded from the dividends of Queensland's GOCs and formed part of the \$2 billion Affordable Energy Plan.

Explanation of scope

For the purposes of this document, concessions include:

- discounts, rebates and subsidies to improve access to, and the affordability of, a range of services for individuals or families based on eligibility criteria relating to factors such as age, income and special needs or disadvantage
- concessional prices for Government services, where the price charged to all consumers is less than the full cost of service provision.

Both General Government and Public Non-financial Corporations (PNFC) Sector concessions are included. Where a payment is made from a General Government Sector agency to a PNFC entity for a concession arrangement, the expenditure is reported against the General Government Sector agency only to avoid double counting. To be included in this statement, concessions must meet the minimum materiality threshold of estimated expenditure or revenue foregone of \$50,000 in 2019-20.

Varying methods have been used to estimate the cost of concessions depending on the nature of the concessions, including:

- direct Budget outlay cost (for example, direct subsidy or rebate payments or Government's contribution in the case of items such as rental subsidies)
- revenue foregone (for example, concessional fees and charges)
- cost of goods and services provided.

For the purposes of illustration, the document often uses averages to demonstrate the potential value of the concession to consumers. However, averages are not reflective of individual circumstances, meaning the actual dollar value of the concession to consumers may vary from person to person.

The Concessions Statement does not include Tax Expenditures (for example, tax exemptions, reduced tax rates, tax rebates and deductions). Information on Tax Expenditures can be found in Appendix B – Tax expenditure statement.

A.1 Concessions summary

Table A.1.1 Concession by entity¹

Concession by entity	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Agency		
Department of Agriculture and Fisheries	32.9	42.4
Department of Communities, Disability Services and Seniors	371.6	283.1
Department of Education	128.3	139.7
Department of Employment, Small Business and Training	450.5	470.7
Department of Environment and Science	11.0	9.8
Department of Housing and Public Works	461.3	457.1
Department of Justice and Attorney-General	94.6	101.5
Department of Natural Resources, Mines and Energy	755.5	802.2
Department of Transport and Main Roads	2,874.8	2,918.2
Queensland Fire and Emergency Services	9.9	10.3
Queensland Health	308.0	292.8
Total Agency	5,498.4	5,527.8
Government-owned corporations		
Energy Queensland	25.6	25.5
Far North Queensland Ports Corporation Limited	0.9	0.8
Gladstone Ports Corporation Limited	47.0	45.8
North Queensland Bulk Ports Corporation Limited	1.7	1.7
Port of Townsville Limited	5.9	6.0
Queensland Rail Limited	1.9	2.0
Sunwater Limited	49.4	50.2
Total Government-owned corporations	132.4	132.0
Total all entities	5,630.8	5,659.8

Note:

1. Numbers may not add due to rounding.

A.2 Concessions by agency

Table A.2.1 Department of Agriculture and Fisheries

<u>Concession</u>	<u>2018-19 Est. Act. \$ million</u>	<u>2019-20 Estimate \$ million</u>
Drought Relief Assistance Scheme ¹	16.5	21.0
Primary Industry Productivity Enhancement Scheme (PIPES) ²	15.0	18.0
Vessel Tracking Rebate Scheme ³	0.4	2.5
Farm Management Grant ⁴	1.0	0.9
Total	32.9	42.4

Notes:

1. In 2019-20 the Government is providing funding of up to \$21 million, held centrally, for subsidies and rebates associated with the continuation of the Drought Relief Assistance Scheme (DRAS). The demand for DRAS assistance is expected to increase in 2019-20, based on current forecasts which show that the percentage of the State drought declared may increase.
2. The variance is due to an anticipated increased take up of PIPES lending from \$80 million in 2018-19 to \$100 million in 2019-20. The 2018-19 year is considered to have been affected by prolonged adverse seasonal conditions of drought and the northern Queensland flooding event.
3. The variance is due to an anticipated increased take up of the Vessel Tracking Rebate Scheme in 2019-20. During the 2018-19 year there has been slow take up of the scheme due to supply issues; clarifying the requirements of the scheme, with most applications being processed after 1 January 2019.
4. The scheme closes 30 June 2019, however there is expected to be an increase in applications at the end of the financial year which will be paid in the 2019-20 financial year.

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. 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 3.69%. The amounts shown in the above table represent the fair values of the interest rate concessions pertaining to loans issued in each of the financial years shown.

Vessel Tracking Rebate Scheme

The *Queensland Sustainable Fisheries Strategy 2017-2027* requires vessel tracking on all commercial fishing boats by 2020 to assist in the management of Queensland Fisheries. This initiative is designed to assist commercial fishers by providing rebates up to prescribed amounts, to offset the cost of purchasing and installing approved vessel tracking units.

Farm Management Grant

The Farm Management Grant aims to assist eligible Queensland primary producers, or their relatives, to offset the costs of professional advice associated with succession planning. The grant provides rebates of up to 50% of the amount paid for professional advice, up to a maximum of \$2,500 per financial year.

Table A.2.2 Department of Communities, Disability Services and Seniors

Concession	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Electricity Rebate Scheme ^{1, 2}	187.0	192.3
Pensioner Rate Subsidy Scheme	53.0	55.2
South East Queensland Pensioner Water Subsidy Scheme	17.4	18.9
Home Energy Emergency Assistance Scheme	8.0	10.0
Reticulated Natural Gas Rebate Scheme	2.5	2.6
Electricity Life Support Concession Scheme ²	2.2	2.3
Medical Cooling and Heating Electricity Concession Scheme ²	1.5	1.8
Electricity Asset Ownership Dividend	100.0	—
Total	371.6	283.1

Notes:

1. The variance is primarily due to the estimated growth in recipients, primarily Health Care Card holders.
2. Electricity price rebates are adjusted annually according to the Queensland Competition Authority's (QCA) price determination for the general household electricity tariff (Tariff 11). For 2019-20, the QCA determined Tariff 11 will decrease by 4.4%. However, Government has determined existing rebate values will not be decreased and will continue to apply in 2019-20.

Electricity Rebate Scheme

The Electricity Rebate Scheme provides a rebate of up to approximately \$341 per annum, to assist with the cost of domestic electricity supply to the home of eligible holders of a Pensioner Concession Card, a Queensland Seniors Card or a Department of Veterans' Affairs Gold Card (and receive a War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

Additionally, the rebate was extended to Commonwealth Health Care Card Holders and asylum seekers from 1 January 2017, allowing an estimated 157,000 additional Queensland families to access the rebate.

Pensioner Rate Subsidy Scheme

The Pensioner Rate Subsidy Scheme offers a 20% subsidy (up to a maximum of \$200 per annum) to lessen the impact of local government rates and charges on pensioners, thereby assisting them to continue to live in their own homes.

South East Queensland Pensioner Water Subsidy Scheme

The South East Queensland Pensioner Water Subsidy Scheme provides a subsidy of up to \$120 per annum to eligible pensioner property owners in the South East Queensland 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 \$74 per annum to assist with the cost of reticulated natural gas supplied to the home of eligible holders of a Pensioner Concession Card, Queensland Seniors Card or a Department of Veterans' Affairs Gold Card (and receive the War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

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 have dependence on air conditioning to regulate body temperature.

Table A.2.3 Department of Education

Concession	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Textbook and Resource Allowance ¹	60.3	67.7
School Transport Assistance for Students with Disabilities ²	42.2	45.8
Living Away from Home Allowance Scheme ²	7.4	7.5
Tuition Fee Exemptions/Waivers - Dependants of International Students ²	7.1	7.3
Non-Government Schools Transport Assistance Scheme ²	6.1	6.2
Dalby State High School - Bunya Campus Residential Facility	2.5	2.5
Spinifex State College - Mount Isa Student Residential Facility	1.1	1.1
Distance Education - Information and Communication Technology Subsidy Scheme	0.9	0.9
Distance Education - Non-Government Student Fee Subsidy	0.7	0.7
Total	128.3	139.7

Notes:

1. The variance is due to a combination of indexation and student enrolment growth due to the full cohort of students in 2020.
2. The variance is due to indexation.

Textbook and Resource Allowance

The Textbook and Resource Allowance is available for all parents/caregivers of secondary school age students attending State and non-government schools, and children registered in home education of equivalent age, to assist with the cost of textbooks and learning resources. Parents may sign over this allowance to the school to reduce the fees associated with participating in the school's Student Resource Scheme. In 2019, the rates per annum are \$127 for students in Years 7 to 10 and \$276 for students in Years 11 and 12.

School Transport Assistance for Students with Disabilities

School Transport Assistance for Students with Disability is provided for eligible students to attend State school programs that meet their individual education needs. This assistance includes co-ordinated service delivery in taxis or specialised contracted minibuses, payment of fares on buses, ferries and trains, or an allowance for parents who drive their children to school or a transport 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 disabilities attending non-government schools (refer 'Non-Government Schools Transport Assistance Scheme').

The COAG 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 (DTMR), the Australian Government, the National Disability Insurance Agency and other jurisdictions to develop viable national models for the delivery of school transport for students with disability under the NDIS.

Living Away from Home Allowance Scheme

The Living Away from Home Allowances 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 2019 are:

- Remote Area Tuition Allowance – assistance is available for primary students of up to \$3,808 per annum and for secondary students of up to \$5,483 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 \$144 to a maximum of \$1,756 per annum.
- Remote Area Allowance – assistance of \$2,394 per annum is available to students attending campuses of the Queensland Agricultural Training Colleges in lieu of Years 11 and 12.
- Remote Area Disability Supplement – available to students with disabilities who incur additional costs associated with living away from home to attend school. Benefits are up to \$7,789 per student per annum.

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 \$7,469 for the 2019-20 financial year.

Non-Government Schools Transport Assistance Scheme

The Non-Government Schools Transport Assistance Scheme assists families by providing funding towards the transport costs of students attending non-government schools outside of the Brisbane City Council area. Under the scheme, payments are provided for transport expenses above a set weekly threshold amount. In 2019, the weekly threshold is \$ 20 per family, or \$15 for families with a current Health Care, Pensioner or Veteran’s Affairs Card.

The program also assists families of students with disabilities who attend a non-government school. The level of assistance provided is dependent on the type of transport needed and travel assistance already provided by the DTMR. For families using taxis, assistance is capped at \$300 per week.

The Department of Education is working with the DTMR and other jurisdictions to establish a long-term solution 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 student. The concession contributes towards the state continuing to make distance education available to non-government schools, ensuring the widest possible subject choice for students, while recovering a proportion of the teaching and overhead costs.

Table A.2.4 Department of Employment, Small Business and Training

Concession	2018-19	2019-20
	Est. Act.	Estimate
	\$ million	\$ million
User Choice - Apprentice and Trainee Training Subsidy ¹	187.0	199.0
Vocation Education and Training (VET) - Certificate 3 Guarantee Tuition Fee Subsidy ¹	189.2	193.7
VET - Higher Level Skills Tuition Fee Subsidy ¹	72.0	75.0
Travel and Accommodation Subsidy ¹	2.3	3.0
Total	450.5	470.7

Note:

1. The variance is due to the anticipated increase in activity due to the demand driven nature of the programs.

User Choice – Apprentice and Trainee Training Subsidy

The User Choice – Apprentice and Trainee Training Subsidy program provides government funding towards the costs of training and assessment for eligible Queensland apprentices and trainees or complementary pathways leading to apprenticeship and traineeship outcomes. The subsidy is available to public and private registered training organisations (pre-approved as pre-qualified suppliers) to subsidise tuition fees to reduce the cost of required accredited, entry level training for apprentices and trainees. The program provides greater flexibility for apprentices, trainees and their employers to select a preferred registered training organisation and to negotiate the type of training to meet their specific needs.

The value of this subsidy for each qualification ranges from \$1,150 to \$50,720 depending on the eligibility and qualification subsidised. The average subsidy value is \$9,673.

Vocation Education and Training (VET) – Certificate 3 Guarantee Tuition Fee Subsidy

The Vocational Education and Training (VET) Certificate 3 Guarantee Tuition Fee Subsidy provides a government subsidy to allow eligible Queenslanders to obtain their first post-school Certificate III qualification to gain a job or to improve their employment status. The subsidy is available to private and public registered training organisations (pre-approved as pre-qualified suppliers) to subsidise tuition fees paid by students undertaking eligible vocation education and training qualifications (primarily Certificate III qualifications).

The value of this subsidy for each qualification ranges from \$448 to \$6,400 depending on the eligibility and qualification subsidised. The average subsidy value is \$2,934.

VET – Higher Level Skills Tuition Fee Subsidy

The VET Higher Level Skills Tuition Fee Subsidy provides a government subsidy to eligible students and employers to undertake a priority Certificate IV, diploma or advanced diploma or industry endorsed skill set. This program will help individuals gain employment in a critical occupation, career advancement in a priority industry or transition to university to continue their studies. The subsidy is available to private and public registered training organisations (pre-approved as pre-qualified suppliers) to subsidise tuition fees paid by students undertaking eligible vocational education and training qualifications at Certificate IV or above.

The value of this subsidy for each qualification ranges from \$1,130 to \$9,979 depending on the eligibility and qualification subsidised. The average subsidy value is \$4,041.

Travel and Accommodation Subsidy

The Travel and Accommodation Subsidy provides financial assistance to Queensland apprentices and trainees for travel expenses incurred in attending off the job training at a registered training organisation. To be eligible, apprentices must attend the closest registered training organisation that offers the required qualification and travel a minimum of 100 kilometres (km) return from their usual place of residence to the registered training organisation. The subsidy provides for:

- return land travel to the registered training organisation of 15 cents per km for distances between 100-649 km, increasing to 19 cents per km for distances between 650-1,400 km
- cost of ferry travel if necessary
- a return economy air ticket to the location of the registered training organisation if necessary
- accommodation assistance of \$28 per day for overnight stay within Queensland and \$68 for interstate travellers, if it is necessary to live away from their usual place of residence to attend training.

Table A.2.5 Department of Environment and Science

<u>Concession</u>	<u>2018-19 Est. Act. \$ million</u>	<u>2019-20 Estimate \$ million</u>
Queensland Performing Arts Trust - Arts concessional entry fees ¹	4.2	3.0
Queensland Museum - Arts concessional entry fees ²	2.6	2.3
Queensland Art Gallery - Arts concessional entry fees ³	0.1	0.6
Arts Queensland - Discount on property lease rentals	0.7	0.6
Queensland Performing Arts Trust - Venue hire rebates	0.5	0.5
State Library of Queensland - Venue hire rebates	0.5	0.5
Arts Queensland - Venue hire rebates	0.2	0.3
Tour fee and access permit concessions	2.2	2.0
Total	11.0	9.8

Notes:

1. Variance between published budget and estimated actual is due to an increase by Queensland Performing Arts Centre in the net investment of International Series events in 2018-19, thereby allowing more concessional tickets to be offered and greater than expected levels of activity compared to budget.
2. Variance is mainly due to higher level of visitation as a result of programming and events, i.e. spaces being re-opened at Southbank campus, for example Sparklab that were not included in the original budget calculation. Reduction in next year's estimate is based on changes in programming in the current year.
3. Increase in concessions in 2019-20 is due to a planned ticketed exhibition.

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.

Queensland Museum – Arts concessional entry fees

Queensland Museum provides concessional entry fees to seniors, students, children, families and a variety of concession card holders for ticketed exhibitions at Queensland Museum and Sciencentre and for general entry to Cobb & Co Museum Toowoomba, The Workshops Rail Museum Ipswich and Museum of Tropical Queensland Townsville. Concessions are also provided to targeted groups, such as schools, to encourage visits to museums. The level of concession provided varies depending on the venue and the event.

Queensland 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.

Arts Queensland – Discount on property lease rentals

Property lease rentals are provided to arts and cultural organisations at a discount from market rental rates at the Judith Wright Centre of Contemporary Arts, Festival House and the Cairns Centre of Contemporary Arts. Discounts range from 20% to 100% of the market rate (dependent on location) of the commercial office space. Further discounts on specialist rehearsal and gallery space are given as negotiated at the time of entering the lease and dependent on the individual arts or cultural organisation and its funding.

Queensland Performing Arts Trust – Venue hire rebates

Venue hire rebates are offered to Government funded cultural organisations, charitable organisations, government departments and educational institutions. Organisations currently receiving discounts are Queensland Symphony Orchestra, Opera Queensland, Queensland Theatre Company and Queensland Ballet.

State Library of Queensland – Venue hire rebates

State Library of Queensland provides venue hire concessions to targeted community and non-profit groups including cultural and charitable organisations and educational institutions in order to support events and programs directly linked to State Library of Queensland's services, programs and activities.

Arts Queensland – Venue hire rebates

Venue hire rebates support Queensland Government funded arts organisations and professional artists to develop and present new work at the Judith Wright Centre of Contemporary Arts and the Cairns Centre of Contemporary Arts.

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, Moreton, Bribie and K'gari (Fraser) islands. Camping concessions are available in all national park and forest camping areas for educational purposes and children under five.

Table A.2.6 Department of Housing and Public Works

<u>Concession</u>	<u>2018-19 Est. Act. \$ million</u>	<u>2019-20 Estimate \$ million</u>
Government managed housing rental rebate ¹	404.1	398.0
National Rental Affordability Scheme	29.3	29.9
Home Assist Secure	20.8	21.5
Non-residential buildings - subsidised rents	5.9	6.5
Rental Bond Loans	0.9	0.9
Queensland Recreation Centres - Concessional usage rates	0.3	0.3
Non-government managed housing ²	—	—
Total	461.3	457.1

Notes:

1. The concession is estimated to decrease in 2019-20 due to a variation in the estimated amount of rent charges.
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 rents that would be payable in the private market and rent that is charged by Government based on household income.

Assistance is provided to approximately 53,700 households. The estimated average yearly subsidy per household for 2019-20 is \$7,416.

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 2019-20, the Government has allocated \$29.9 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 disability, and who require assistance to remain living in their home. In 2019-20, it is estimated that over 40,000 households will be assisted.

Non-residential buildings – subsidised rents

Accommodation is provided to 41 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 27,631 square metres. The total subsidy is calculated by deducting the actual amount paid by the occupants from the total estimated annual market rent for the office space.

Rental Bond Loans

The Government provides interest-free rental bond loans through two products, 1. Bond Loans: equivalent to a maximum amount of four weeks rent or 2. Bond Loan Plus: equivalent to a maximum amount of six weeks rent, to people who cannot afford to pay a full bond to move into private rental accommodation reducing the need for more costly, subsidised housing assistance. The interest free bond loan targets low-income households and can stabilise tenancies, prevent households from entering the cycle of homelessness and engaging with fringe, high interest credit providers. The concession represents the interest saving for the client on the bond loan. In 2019-20, \$28.5 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 students and children 17 years and under, for the use of Queensland Recreation Centres, primarily at Currimundi and Tallebudgera. These concessional rates provide a discount between 3.25% to 18% of the full charge to approximately 31,000 recipients.

Non-government managed housing

The Government provides contributions to social housing providers, including capital grants, granted land or properties, or recurrent funding, to assist in increasing housing affordability and access to social housing. Due to the nature of the arrangement, the overall value of the concession provided by the Government cannot be easily quantified.

Rents charged for social housing managed by the providers are based on 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 in the cost of their accommodation.

Table A.2.7 Department of Justice and Attorney-General

<u>Concession</u>	<u>2018-19 Est. Act. \$ million</u>	<u>2019-20 Estimate \$ million</u>
Public Trustee of Queensland - Concessions	37.9	39.4
Court Services - Civil Court	24.4	26.4
Queensland Civil and Administrative Tribunal	19.3	21.8
Blue Card - Volunteer Applicants	10.5	11.0
Body Corporate and Community Management - Dispute Resolution	2.5	2.5
Office Liquor and Gaming Regulation - Rural Hotel Concessions	—	0.4
Total	94.6	101.5

Public Trustee of Queensland – Concessions

The Public Trustee of Queensland (the Public Trustee) is a self-funding organisation and uses a scale of fees which is designed to reflect a fair cost for the services provided.

The Public Trustee has established a safety net limit on the annual fees payable by certain clients which provides for a rebate of fees for some clients with limited assets. The rebate is applied to clients such as financial administration clients with impaired capacity, or estate administration clients of limited means. The Public Trustee also provides Will making services at no cost for all Queenslanders.

In addition, the Public Trustee provides funding to the Public Guardian and financial assistance under the Civil Law Legal Aid Scheme administered by Legal Aid Queensland, to enable these organisations to provide services to the people of Queensland.

Court Services – Civil Court

The Supreme, District and Magistrates Courts hear civil disputes between two or more parties (people or organisations) where one party sues the other, usually to obtain compensation, or seek some other remedy. These disputes may involve anything from defamation to outstanding debts. Civil Court Fees are prescribed under the *Uniform Civil Procedure (Fees) Regulation 2009* for proceedings commenced in civil matters and are set below full cost recovery to ensure that civil remedies are accessible to all Queenslanders.

Queensland Civil and Administrative Tribunal

The Queensland Civil and Administrative Tribunal (QCAT) is an independent tribunal which makes decisions and resolves disputes across a wide range of jurisdictions for the community. Fees for these services are 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.

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 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.

Table A.2.8 Department of Natural Resources, Mines and Energy

Concession	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Energy Queensland - Uniform Tariff Policy (excluding Isolated Systems) ¹	413.5	440.3
Energy Queensland - Uniform Tariff Policy for Isolated Systems ¹	48.3	57.9
Powering Queensland Plan Electricity Affordability Package ²	259.2	247.6
Affordable Energy Plan - Energy Savers Program ³	0.7	14.8
Affordable Energy Plan - Solar & Storage Interest Free Loans Scheme	4.6	4.8
Affordable Energy Plan - Energy Savvy Families ⁴	2.5	1.4
Extending existing drought relief arrangements - Water Licence Fee Waiver and Land Rental Rebates	4.2	4.2
Origin Energy - Uniform Tariff Policy	2.8	2.8
Solar for Rental Property Rebate ⁵	0.3	2.7
Sunwater Rural Irrigation Water Price Subsidy	2.1	2.2
Cloncurry Pipeline Water Supply Subsidy	5.9	6.3
Extending existing drought relief arrangements - Electricity Charge Scheme ⁶	9.3	15.0
Seqwater Bulk Water Rural Irrigation Water Price Subsidy	2.1	2.2
Total	755.5	802.2

Notes:

1. For 2019–20, the increase in the community service obligation (CSO) largely relates to an increase in Ergon Energy’s distribution charges relative to Energex’s charges. All CSO payments are agreed by both parties prior to execution of the CSO Deed. This means that DNRME must be in agreement with the assumptions applied. The annual CSO payment for 2019-20 is higher than the 2018-19 CSO payment because the consumption volume assumed for 2019-20 is higher than 2018-19.
2. Financing of the Solar Bonus Scheme was moved from electricity distribution network prices to the state budget from 1 July 2017 for three years until 30 June 2020, as part of the Powering Queensland Plan. The government will make a decision about the ongoing costs of the Solar Bonus Scheme closer to when this current commitment will end.
3. The variance between the 2018-19 estimated actual and 2019-20 budget is due to the transfer of \$12.5 million in 2018-19 to QRIDA from DNRME. This was to support program administration of the application for grant funds under the Affordable Energy Plan – Energy Savers program. The remainder estimated actual relates to the delivery of free energy audits under the program.
4. Delivery of goods and services to the value of the outstanding expenditure are already substantively delivered, and anticipated to be completely delivered and the department invoiced by the end of the financial year.
5. This project was launched on 5 March 2019. The increase from 2018-19 estimated actuals to 2019-20 budget is due to the expected uptake of the solar for rental property rebate.
6. 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 annual fixed charges under Tariff 66, service fees and minimum payments. The arrangement only applies to electricity used to pump water for farm or irrigation purposes.

Energy Queensland – Uniform Tariff Policy (excluding Isolated Systems)

The Energy Queensland – Uniform Tariff Policy (excluding Isolated Systems) ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they live. As the notified prices do not reflect the full cost of electricity supply for most remote and regional Queenslanders, a subsidy is provided. The community service obligation (CSO) payment to the regional retailer Energy Queensland covers the difference between the revenue earned by charging customers notified prices and the actual costs in the regional areas (due to differences in network costs and energy losses).

Energy Queensland – Uniform Tariff Policy for Isolated Systems

The Energy Queensland – Uniform Tariff Policy for Isolated Systems ensures that, where possible, all Queensland non-market electricity customers of a similar type pay a similar price for electricity regardless of where they live. Energy Queensland owns and operates 33 isolated power stations which supply electricity to remote and isolated Queensland communities. Energy Queensland retails electricity to these customers at the notified prices, and the Government provides funding to the retailer to cover the difference between the revenue earned and the cost of supplying electricity to these customers.

Powering Queensland Plan – Electricity Affordability Package

The Powering Queensland Plan provided one-off funding in 2016-17 of \$771 million to support the stabilisation of electricity prices for Queensland consumers, by funding the removal of costs of the Solar Bonus Scheme from electricity prices for three years from 1 July 2017 to 30 June 2020, and directing Energy Queensland to remove costs from network charges. This has placed downward pressure on electricity prices, with an average saving of \$51 for households and \$90 for small businesses, compared with the increase which would have occurred in 2017-18, without Government intervention. It is estimated that the benefit to Queenslanders in 2019-20 as a result of this measure will be \$247.6 million.

Affordable Energy Plan – Energy Savers Program

The \$20 million Business Energy Savers Program, an initiative under the Affordable Energy Plan, provides free energy audits for agricultural customers and large business customers, and co-contributions to fund energy efficiency upgrades. It includes a 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, up to 200 additional audits for agricultural customers will be completed. In addition to this, co-contribution grants of up to \$20,000 will be made available to assist businesses in implementing the recommendations from the audit.

Under the expanded Large Customer Adjustment Program up to 30 additional audits of large customers will be completed and 50% co-contributions, capped at up to \$250,000, will be made available to help encourage the business to implement the audit recommendations.

Affordable Energy Plan – Solar & Storage Interest Free Loans Scheme

This scheme is designed to assist households and small businesses address electricity affordability by providing upfront capital to those who otherwise would not have access to funds to invest in rooftop solar and battery energy storage technology.

Affordable Energy Plan – Energy Savvy Families

Under this plan, \$4 million has been provided over three years to enable the provision of digital electricity meters as well as providing educational material and information to low income families in regional Queensland to help them better understand and manage their energy use.

Extending existing drought relief arrangements – Water Licence Fee Waiver and Land Rental Rebates

As part of the Government’s drought assistance package, the annual water licence fee of \$82 will be waived for 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 no more for electricity than similar customers in Queensland. Therefore, the CSO amount depends on the relative difference between Queensland and New South Wales retail electricity tariffs for non-market customers.

Solar for Rental Property Rebate

The \$3.58 million solar for rentals trial is an initiative of the government’s affordable energy plan. It aims to help landlords and tenants share the value of installing solar systems. As part of the trial, around 1,000 rebates of up to \$3,500 are available for eligible landlords to install solar and monitoring at their rental properties in the Bundaberg, Gladstone and Townsville local government areas.

Sunwater Rural Irrigation Water Price Subsidy

Sunwater owns and operates water supply schemes across regional Queensland. As the owner of Sunwater, the Government decides how much to recover of Sunwater's costs through irrigation prices. Currently, Sunwater's irrigation water prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators.

Government funding is provided to Sunwater to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

Cloncurry Pipeline Water Supply Subsidy

North West Queensland Water Pipeline Limited (NWQWP), a Sunwater Limited (Sunwater) subsidiary, owns and operates the Cloncurry Pipeline between the Ernest Henry Mine and Cloncurry. The pipeline guarantees Cloncurry Shire Council's long-term water supply and supports industrial development in the region. As the construction and operation of the Cloncurry Water Pipeline is a non-commercial investment, the Government provides funding to NWQWP to ensure that Sunwater receives a return on its investment in the pipeline.

Extending existing drought relief arrangements – 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.

Seqwater Bulk Water Rural Irrigation Water Price Subsidy

Seqwater owns and operates water supply schemes across South East Queensland which also supply bulk water services to rural irrigation customers. Currently Seqwater's rural irrigation prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators. Government funding is provided to Seqwater to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

Table A.2.9 Department of Transport and Main Roads

Concession	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
General Public Transport Concessions (South East Queensland) ¹	1,433.3	1,410.5
Rail Network and Infrastructure Funding	684.6	700.4
General Public Transport Concessions (Regional Queensland)	256.1	270.7
Vehicle and boat registration concessions ²	175.9	185.1
School Transport Assistance Scheme	137.1	139.0
TransLink Transport Concessions (South East Queensland)	78.4	83.4
Rail Concession Scheme	37.4	38.5
Livestock and Regional Freight Contracts	37.2	37.4
Other transport concessions (Regional Queensland) and taxi subsidies	27.2	25.4
Mount Isa Line Below Rail subsidy	—	20.0
Practical Driving Test	3.8	3.9
Designated Public Transport Concessions for Seniors Card Holders	3.8	3.9
Total	2,874.8	2,918.2

Notes:

1. The decrease is due to the continuing negotiations for a new contract with Transport for Brisbane (TfB) and an increase in fare revenue.
2. The increase is due to the increasing number of vehicles and boats becoming eligible for concessions as the population ages and the value of the concession.

General Public Transport Concessions (South East Queensland)

The General Public Transport Concessions (South East Queensland) represents the direct funding contribution that Government makes towards the cost of operating public transport services within South East Queensland. This contribution effectively reduces the ticket price paid by all public transport users on bus, rail and ferry services, increasing the affordability of these services.

Rail Network and Infrastructure Funding

Rail network and infrastructure funding ensures that the State supported rail network is safe, reliable and fit for purpose. The contract also provides funding to Queensland Rail to support major capital projects and related asset strategies. The funding provided via this contract directly benefits customers of the State supported rail network, including both freight and passengers. Without this funding, rail access charges (including public transport fares) would be significantly higher for all users of the rail network.

General Public Transport Concessions (Regional Queensland)

The General Public Transport Concessions (Regional Queensland) represents the financial contribution that Government provides across a range of transport services in regional Queensland. The impact of this contribution benefits all public transport users through reduced transport fares. This concession covers:

- TravelTrain (excluding the 'Rail Concession Scheme' for eligible pensioners, veterans and seniors)
- subsidies for Kuranda Scenic Railway
- subsidies for Heritage Rail Services
- subsidies for regional bus and ferry operators (excluding concessional top up amounts and School Transport Assistance Scheme related amounts)
- subsidies for the Rail XPT Service (Sydney-Brisbane) and Savannahlander (Atherton Tableland)
- subsidies for air services to remote and rural communities within the State
- subsidies for long distance coach services to rural/remote communities within the State.

Vehicle and boat registration concessions

Registration concessions for light and heavy motor vehicles and recreational boats are provided to holders of the Pensioner Concession Card, Queensland Seniors Card and to those assessed by the Department of Veterans' Affairs as meeting the necessary degree of incapacity or impairment. The concession is aimed at improving access to travel for pensioners, seniors and persons with a disability by providing a reduced rate of registration fees. For most eligible card holders, a concession for a family 4-cylinder vehicle would reduce the 12 month registration charge from \$328.60 to \$164.30. For a recreational boat, up to and including 4.5 metres in length, the concession reduces the registration charge from \$88.70 to \$44.35 (based on registration charges at 1 July 2019).

A Special Interest Vehicle (SIV) registration concession is offered for motor vehicles that have low use associated with vintage and historic and street rod car club events. A 12 month registration for a 6-cylinder SIV concession reduces registration from \$520.30 to \$92.60. A concession is also available for specific purposes such as water, mineral or oil exploration and bee keeping. Other motor vehicle registration concessions are also provided to primary producers, local governments, charitable and community service organisations, and people living in remote areas without access to the wider road network. Other 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 2019 fares, for a peak one zone journey using a *go* card, the concession will reduce an adult fare from \$3.31 to \$1.66.

Rail Concession Scheme

The Queensland Rail Concession Scheme improves the affordability of long distance and urban rail services for eligible pensioners, veterans, seniors and current/past rail employees with 25 years of service. Assistance for long distance rail services is provided through discounted fares and free travel vouchers. For TravelTrain (long distance rail) services, depending on the service, the concession may be for free travel for up to four trips per year for Queensland pensioners (subject to availability of seats and payment of an administration fee).

Livestock and Regional Freight Contracts

The Livestock and Regional Freight Contracts provide funding to support the movement of cattle (via rail only) and freight (via road and rail) to and from regional areas of Queensland. The funding provided directly benefits the cattle industry and enables regional Queensland communities to maintain employment and directly benefits those communities who are reliant on rail freight services by reducing the cost of these freight services for users.

Other transport concessions (Regional Queensland) and taxi subsidies

Other transport concessions (Regional Queensland) and taxi subsidies are provided by the Government to ensure access and mobility for Queenslanders who require assistance because of age, disability or fixed low income. Passengers entitled to receive public transport concessions include holders of a Pensioner Concession Card, Veterans' Affairs Gold Card, Seniors Card (all states and territories), Companion Card, Vision Impairment Travel Pass, TPI Veteran Travel Pass, children, 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.

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 (\$53.82 (ex GST) as at 1 July 2019), providing a direct concession to applicants.

Mount Isa Line Below Rail Subsidy

In recognition of the importance the Mount Isa Line plays in facilitating the transportation of the freight task from pit to port, the Queensland Government will introduce a \$20M per annum Transport Services Contract payment for this freight line.

This payment will be to reduce below rail access costs for users and further promote rail for freight, as well as support continued development of the North West Minerals Province.

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.2.10 Queensland Fire and Emergency Services

<u>Concession</u>	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Emergency Management Levy Concession	9.9	10.3
Total	9.9	10.3

Emergency Management Levy Concession

The Emergency Management Levy applies to all prescribed properties within Queensland. The levy provides a funding base for emergency services including emergency management, fire and rescue services. Owners of prescribed properties who are in receipt of an Australian Government pension are eligible to receive a discount of 20% on the levy payable for a property that is their principal place of residence. In addition, community organisation owners of specified properties are exempt from payment of the levy.

Table A.2.11 Queensland Health

<u>Concession</u>	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Oral Health Scheme	163.6	163.6
Patient Travel Subsidy Scheme	90.2	92.5
Medical Aids Subsidy Scheme ¹	35.9	27.4
Spectacle Supply Scheme	9.3	9.3
Community Aids Equipment, Assistive Technologies Initiative and Vehicle Options Subsidy Scheme ²	9.0	—
Total	308.0	292.8

Notes:

1. The 2019-20 estimate is lower than the 2018-19 estimated actual as funding of activity for NDIS eligible applicants is transferred to the NDIS.
2. CAEATI and VOSS stopped receiving applications from 1 October 2018 in preparation of full transition of clients to the NDIS.

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 (less GST). A mileage subsidy rate 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 over 63,000 occasions of service to approximately 54,000 clients during 2018-19.

The NDIS is currently being rolled out in Queensland. MASS clients who are NDIS eligible are being transitioned to the scheme with associated funding progressively cashed out to the NDIS. As the NDIS is rolled out, it is assuming responsibility for the provision of necessary supports for eligible Queenslanders, including medical aids and equipment. The transition point from state funded to NDIS is the implementation of an NDIS plan or when an area has been classified as fully transitioned.

Spectacle Supply Scheme

The Spectacle Supply Scheme provides eligible Queensland residents with free access to a comprehensive range of basic spectacles every two years including bifocals and trifocals. Applicants must be holders of eligible concession cards and be deemed by a prescriber to have a clinical need for spectacles.

The scheme provides around 82,000 items each year to approximately 72,000 clients (some clients require more than one pair of spectacles due to clinical need). The average cost of services provided to applicants is approximately \$114.60 per item, including the costs of administering the scheme through the Medical Aids Subsidy Scheme.

Community Aids Equipment, Assistive Technologies Initiative and Vehicle Options Subsidy Scheme

The Community Aids Equipment and Assistive Technologies Initiative (CAEATI) and Vehicle Options Subsidy Scheme (VOSS) provide financial assistance to eligible Queensland residents to support them to be more independent, participate further in social and economic opportunities in the community and contribute to a better quality of life.

CAEATI funding is capped at \$10,000 per client over a three-year period. CAEATI includes aids, equipment and assistive technologies for postural support, communication support, community mobility and active participation.

VOSS funding is capped at \$10,000 per client over a five-year period. VOSS provides subsidies for a range of vehicle access options, including the subsidy of driving lessons on a suitably modified vehicle, modifications to a vehicle, purchase of a suitably modified vehicle or vehicle suitable for modification.

To receive funding through either of these schemes, an individual must be assessed as eligible for specialist disability support under the Disability Support Act 2006. Queensland resident eligibility is determined during the intake process, and confirmed as part of the assessment process.

The NDIS is currently being rolled out in Queensland. CAEATI and VOSS clients who are NDIS eligible are being transitioned to the scheme with associated funding progressively cashed out to the NDIS.

CAEATI and VOSS stopped receiving applications from 1 October 2018 in preparation of full transition of clients to the NDIS.

A.3 Concessions by entity – Government-owned corporations

Table A.3.1 Energy Queensland

<u>Concession</u>	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Regulated Service Charges - Energex	17.8	17.0
Regulated Service Charges - Ergon Energy	7.8	8.5
Total	25.6	25.5

Regulated Service Charges – Energex

Under Schedule 8 of the *Electricity Regulation 2006*, charges for a range of services provided by Energex Limited (Energex) to energy retailers, for example disconnection and reconnection of supply, are capped. The maximum amount Energex is able to charge for these services is, on average, less than the value which the Australian Energy Regulator ascribes to the provision of these services by Energex, resulting in a concession provided to energy retailers and in turn, 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, for example disconnection and reconnection of supply, are capped. The maximum amount Ergon Energy is able to charge for these services is, on average, less than the value which the Australian Energy Regulator ascribes to the provision of these services by Ergon Energy, resulting in a concession provided to energy retailers and in turn, to households.

Table A.3.2 Gladstone Ports Corporation Limited

<u>Concession</u>	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Concessional Port Charges	43.7	42.9
Total	43.7	42.9

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

<u>Concession</u>	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Water Supply Contracts	49.4	50.2
Total	49.4	50.2

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. Sunwater is continuing to work together with stakeholders to agree new arrangements for water supply.

Table A.3.4 Concessional Leases (Industry, Commercial and Community) by entity

<u>Concession</u>	2018-19 Est. Act. \$ million	2019-20 Estimate \$ million
Far North Queensland Ports Corporation Limited	0.9	0.8
Gladstone Ports Corporation Limited	3.3	2.9
North Queensland Bulk Ports Corporation Limited	1.7	1.7
Port of Townsville Limited	5.9	6.0
Queensland Rail Limited	1.9	2.0
Total	13.7	13.4

Concessional Leases (Industry, Commercial and Community)

The above government-owned corporation entities provide leases to various community organisations, local councils, Government departments and industry participants at below commercial rates. The amounts shown are estimates of the revenue foregone by not charging commercial rates.

Appendix B: Tax expenditure statement

Context

Governments employ a range of policy tools to achieve social and economic objectives. These include the use of direct budgetary outlays, regulatory mechanisms and taxation. This Tax Expenditure Statement (TES) details revenue foregone as a result of Government decisions relating to the provision of tax exemptions or concessions. The TES is designed to improve transparency in the use of tax expenditures and increase public understanding of the fiscal process.

Tax expenditures are reductions in tax revenue that result from the use of the taxation system as a policy tool to deliver Government policy objectives. Tax expenditures are provided through a range of measures, including:

- tax exemptions
- the application of reduced tax rates to certain groups or sectors of the community
- tax rebates
- tax deductions
- provisions which defer payment of a tax liability to a future period.

Labelling an exemption or concession as a tax expenditure does not necessarily imply any judgement as to its appropriateness. It merely makes the amount of the exemption or concession explicit and thereby facilitates its scrutiny as part of the annual Budget process.

Methodology

Revenue foregone approach

The method used almost exclusively by governments to quantify the value of their tax expenditures is the revenue foregone approach. This method estimates the revenue foregone through use of the concession by applying the benchmark rate of taxation to the volume of activities or assets affected by the concession. One of the deficiencies of the revenue foregone approach is that the effect on taxpayer behaviour resulting from the removal of the particular tax expenditure is not factored into the estimate. Consequently, the aggregation of costings for individual tax expenditure items presented in the TES will not necessarily provide an accurate estimate of the total level of assistance provided through tax expenditures.

Measuring tax expenditures requires the identification of:

- a benchmark tax base
- concessionally taxed components of the benchmark tax base such as a specific activity or class of taxpayer
- a benchmark tax rate to apply to the concessionally taxed components of the tax base.

Defining the tax benchmark

The most important step in the preparation of a TES is the establishment of a benchmark for each tax included in the statement. The benchmark provides a basis against which each tax concession can be evaluated. The aim of the benchmark is to determine which concessions are tax expenditures as opposed to structural elements of the tax. The key features of a tax benchmark are:

- the tax rate structure
- any specific accounting conventions applicable to the tax
- the deductibility of compulsory payments
- any provisions to facilitate administration
- provisions relating to any fiscal obligations.

By definition, tax expenditures are those tax concessions not included as part of the tax benchmark.

Identification of benchmark revenue bases and rates requires a degree of judgement and is not definitive. Furthermore, data limitations mean that the tax expenditures are approximations and are not exhaustive. This statement does not include estimates of revenue foregone from exemptions or concessions provided to Government agencies. Very small exemptions or concessions are also excluded.

The Tax Expenditure Statement

This year's statement includes estimates of tax expenditures in 2017-18 for payroll tax, land tax, duties and gambling taxes. A summary of the major tax expenditures valued on the basis of revenue foregone is presented in Table B.1. Not all expenditures can be quantified at this time. Accordingly, the total value of tax expenditures should be considered as indicative only.

Table B.1 Tax expenditure summary¹

	2017-18 ² \$ million	2018-19 \$ million
Payroll Tax		
Exemption threshold	1,377	1,373
Deduction scheme	357	381
Section 14 exemptions		
Local Government	145	149
Education	196	201
Hospitals	422	451
Total Payroll Tax	2,497	2,554
Land Tax		
Liability thresholds ³	752	781
Graduated land tax scale	719	1,308
Primary production deduction	94	105
Part 6 Divisions 2 and 3 exemptions not included elsewhere ⁴	147	171
Land developers' concession	12	14
Total Land Tax	1,724	2,379
Duties		
Transfer duty on residential property		
Home concession	407	388
First home concession	219	207
First home vacant land	32	21
Insurance duty		
WorkCover	58	68
Health insurance	437	452
Total Duties	1,152	1,137
Taxes on Gambling		
Gaming machine taxes	115	125
Casino taxes	9	8
Total Gambling Tax	124	133
Total		

Notes:

1. Numbers may not add due to rounding.
2. 2017-18 estimates may have been revised since the 2018-19 Budget.
3. Land tax is payable only on the value of taxable land above a threshold which depends on the ownership structure.
4. Applicable, but not limited, to religious bodies, public benevolent institutions and other exempt charitable institutions.

Discussion of individual taxes

Payroll tax

The benchmark tax base for payroll tax is assumed to be all taxable wages, salaries and supplements (including employer superannuation contributions) paid in Queensland, as defined in the *Payroll Tax Act 1971*. The benchmark tax rate for payroll tax is assumed to be the statutory rate applying in each financial year.

Payroll tax exemption threshold

Employers who employ in Queensland with an annual Australian payroll of \$1.1 million or less are exempt from payroll tax. On the basis of December 2018 quarter average weekly adult total earnings, this threshold corresponded to approximately 13 full-time equivalent employees. This exemption is designed to assist small and medium sized businesses. From 1 July 2019, the exemption threshold will be increased to \$1.3 million in annual Australian wages.

Deduction scheme

Employers who employed in Queensland with Australian payrolls between \$1.1 million and \$5.5 million benefited from a deduction of \$1.1 million, which reduced by \$1 for every \$4 by which the annual payroll exceeded \$1.1 million. The deduction is pro-rated for interstate wages. There was no deduction for employers or groups that had an annual payroll in excess of \$5.5 million. From 1 July 2019, the deduction will apply between annual Australian payrolls of \$1.3 million and \$6.5 million.

Section 14 exemptions

A number of organisations are provided with exemptions from payroll tax under Section 14 of the *Payroll Tax Act 1971*. The activities for which estimates have been calculated are wages paid by public hospitals, non-tertiary private educational institutions and local governments (excluding commercial activities).

Land tax

The benchmark tax base is assumed to be all freehold land within Queensland, excluding residential land used as a principal place of residence and land owned by individuals with a value for that year below the threshold. The benchmark tax rate for land tax is assumed to be the top rate of land tax applicable in Queensland in each financial year.

Liability thresholds

Land tax is payable on the value of taxable land equal to or above a threshold which depends on the land's ownership. The threshold for companies, trusts and absentees is \$350,000 and for resident individuals the threshold is \$600,000.

Land owned by resident individuals as their principal place of residence is excluded from the estimate. The exemption from paying below a minimum amount is not included as a tax expenditure as it is regarded as the application of an administration threshold.

Graduated land tax scale

A graduated (concessional) scale of land tax rates is applicable to land with a taxable value of less than \$5 million for resident individuals and companies, trustees and absentees.

The benchmark rates used for estimating the tax expenditures were 1.75% for individuals and 2% for companies, trustees and absentees.

Primary production deduction

The taxable value of land owned by a resident individual, trustee or some absentees and companies does not include all or part of their land that is used for the business of agriculture, pasturage or dairy farming.

Part 6 Divisions 2 and 3 exemptions (not elsewhere included)

A number of land tax exemptions are granted in Part 6 Divisions 2 and 3 of the *Land Tax Act 2010* to eligible organisations. These include, but are not limited to, public benevolent institutions, religious institutions and other exempt charitable institutions, retirement villages, trade unions and showgrounds.

Land developers' concession

Land tax payable by land developers is calculated on the basis that the unimproved value of (undeveloped) land subdivided in the previous financial year and which remains unsold at 30 June of that year is 60% of the Valuer-General's value. This concession is outlined in Section 30 of the *Land Tax Act 2010*.

Duties

Home concession

A concessional rate of duty applies to purchases of a principal place of residence. A 1% concessional rate applies on dutiable values up to \$350,000, rather than the normal schedule of rates between 1.5% and 3.5%. For properties valued over \$350,000, the scheduled rates of transfer duty apply on the excess.

First home concession

Where a purchaser has not previously owned a residence in Queensland or elsewhere, the purchaser of a home receives a more generous concession on duty. This concession comprises a rebate in addition to the home concession on properties (this concession may not be applicable if the purchase price is less than the full market value of the property). The size of the rebate depends on the value of the property. A full concession is provided to purchases of a first principal place of residence valued up to \$500,000.

First home vacant land concession

A first home concession is available for the purchase of certain vacant land up to the value of \$400,000, with a full concession available on certain vacant land up to the value of \$250,000.

Insurance duty

The benchmark tax base is assumed to be all premiums for general insurance policies (not for life insurance). The benchmark tax scale is assumed to be the scale that actually applied in each financial year.

Gambling taxes

Gaming machine tax concessions for licensed clubs

The benchmark tax base is assumed to be all gaming machines operated by licensed clubs and hotels in Queensland. The benchmark tax rate is assumed to be the highest marginal tax rate (as is applied to hotels) that actually applied in each financial year.

A progressive tax rate scale applies to gaming machines operated by licensed clubs. The tax rate is calculated monthly on the gaming machine taxable metered win and the top tax rate is only applied to the portion of gaming machine revenue where the monthly metered win exceeds \$1.4 million for any licensed club.

Casino tax concessions

The benchmark tax base is assumed to be all casinos operating in Queensland. The benchmark tax rate is assumed to be the highest tax rate that is actually applied in each financial year.

A tax rate of 20% of gross revenue applies for standard transactions in the Brisbane and Gold Coast casinos. A concessional tax rate of 10% applies for gross revenue from standard transactions in the Cairns and Townsville casinos. The tax rate applicable to gaming machines in casinos is 30% of gross revenue in the Brisbane and Gold Coast casinos and 20% in the Cairns and Townsville casinos.

In addition, concessional rates of 10% also apply for revenue from high rollers table game play in all casinos. A goods and services tax (GST) credit is provided to casinos that approximates a reduction in the above tax rates of 9.09%

Queensland Waste Levy

The Queensland Waste Levy will commence 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.

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Levy exemptions of 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. General levy exemptions exist for other wastes, such as those from declared disasters and severe local weather events. Seventy per cent of proceeds from the waste levy will be used for waste programs, environmental priorities and community purposes.

Appendix C: Revenue and expense assumptions and sensitivity analysis

The Queensland Budget, like those of other jurisdictions, is based in part on assumptions made about parameters that are uncertain, both internal and external to the State, which can impact directly on economic and fiscal forecasts.

This appendix outlines the assumptions underlying the revenue and expense estimates and analyses the sensitivity of the estimates to changes in the economic and other assumptions. This analysis is provided to enhance the level of transparency and accountability of the Government.

The forward estimates in the Budget are framed on a no policy change basis. That is, the expenditure and revenue policies in place at the time of the Budget (including those announced in the Budget) are applied consistently throughout the forward estimates period.

The following discussion provides details of some of the key assumptions, estimates and risks associated with revenue and expenditure and, where a direct link can be established, the indicative impact on forecasts resulting from a movement in those variables.

Table C.1 Taxation and royalty revenue¹

	2017-18 Actual \$ million	2018-19 Est. Act. \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Payroll tax	3,906	4,158	4,284	4,435	4,728	5,107
Transfer duty	3,023	3,049	3,038	3,205	3,383	3,578
Other duties	1,474	1,549	1,624	1,704	1,787	1,873
Gambling taxes and levies	1,190	1,331	1,410	1,466	1,526	1,588
Land tax	1,180	1,331	1,589	1,670	1,744	1,807
Motor vehicle registration	1,770	1,847	1,908	1,977	2,049	2,124
Other taxes	701	740	1,310	1,320	1,383	1,447
Total taxation revenue	13,244	14,005	15,164	15,777	16,601	17,525
Royalties						
Coal	3,737	4,363	4,339	3,461	3,468	3,604
Petroleum ²	187	450	577	620	638	630
Other royalties ³	372	389	538	520	522	510
Land rents	162	163	168	169	172	174
Total royalties and land rents	4,457	5,364	5,621	4,770	4,799	4,918

Notes:

1. Numbers may not add due to rounding.
2. Includes impact of liquefied natural gas (LNG).
3. Includes base and precious metal and other mineral royalties.

Taxation revenue assumptions and revenue risks

The rate of growth in tax revenues is dependent on a range of factors that are linked to the rate of growth in economic activity in the State. Some taxes are closely related to activity in specific sectors of the economy, whilst others are broadly related to the general rate of economic growth, employment, inflation and wages. A change in the level of economic activity, resulting from economic growth differing from forecast levels, would impact upon a broad range of taxation receipts.

Wages and employment growth – payroll tax collections

Wages and employment growth have a direct impact on payroll tax collections. The Budget assumptions are for an increase in wages of 2¼% and an increase in employment of 1¼% in 2019-20. The composition of the payroll tax base is also important as businesses in fast growing sectors such as tourism, retail and hospitality are often outside the tax base because they are below the threshold. A one percentage point variation in either Queensland wages growth or employment would change payroll tax collections by approximately \$43 million in 2019-20.

Transfer duty estimates

Transfer duty collections in 2019-20 are expected to decrease by 0.3% on the 2018-19 estimated actual. This decrease is driven by a decline in the volume of residential property transactions, particularly for investors

Across the forward estimates period, annual average growth of around 4.1% is expected in both the residential and non-residential components of 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 \$30 million in 2019-20.

Royalty assumptions and revenue risks

Table C.2 Coal royalty assumptions

	2018-19 Est. Act.	2019-20 Budget	2020-21 Projection	2021-22 Projection	2022-23 Projection
Tonnages - crown export ¹ coal (Mt)	213	220	224	229	237
Exchange rate US\$ per A\$ ²	0.72	0.72	0.73	0.73	0.73
Year average coal prices (US\$ per tonne)³					
Hard coking	206	179	153	150	150
Semi-soft	153	138	121	118	118
Thermal	106	93	86	84	84
Year average oil price					
Brent (\$US per barrel) ⁴	69	69	68	67	66

Notes:

1. Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties. 2019-20 estimate for domestic coal volume is approximately 24.7 Mt and private coal is 9.4 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 2019-20 as follows: Hard coking US\$167/t and thermal US\$76/t.
4. Published Brent oil prices are lagged by one quarter to better align with royalty revenue.

Royalty Assumptions

Table C.2 provides the 2019-20 Budget assumptions regarding coal royalties, which represent the bulk of Queensland's royalty revenue.

Exchange rate and commodity prices and volumes – royalties estimates

Estimates of mining royalties are sensitive to movements in the A\$-US\$ exchange rate and commodity prices and volumes. Contracts for the supply of commodities are generally written in US dollars. Accordingly, a change in the exchange rate impacts on the Australian dollar price of commodities and therefore expected royalties collections.

Coal

For each one cent movement in the A\$-US\$ exchange rate, the impact on royalty revenue would be approximately \$74 million in 2019-20.

A 1% variation in export coking and thermal coal volumes would lead to a change in royalty revenue of approximately \$37 million. A 1Mt variation would lead to a change in royalty revenue of approximately \$19 million.

A 1% variation in the average price of export coal would lead to a change in royalty revenue of approximately \$54 million.

Parameters influencing Australian Government GST payments to Queensland

The Queensland Budget incorporates estimates of GST revenue grants to Queensland based on Australian Government estimates of national GST collections and Queensland Treasury assumptions of Queensland's share. The estimates of collections are primarily determined by the value of consumption subject to GST.

Since the Australian Government payments are based on the amount actually collected, it is Queensland's Budget that bears the risks of fluctuations in GST collections. As with all other tax estimates, there is a risk of lower collections than estimated if economic growth and consumption are weaker than expected.

Due to the complexities associated with the GST base, the information provided in the Australian Government Budget Papers is not sufficient to prepare indicative forecasts of the sensitivity of GST estimates to key variables.

Sensitivity of expenditure estimates and expenditure risks

Public sector wage costs

Salaries and wages form a large proportion of General Government Sector operating expenses. Increases in salaries and wages are negotiated through enterprise bargaining agreements.

The 2019-20 Budget and forward estimates reflect wage increases as per existing agreements and the Government's wages policy where outcomes are yet to be finalised.

A general 1% increase in wage outcomes in one year would increase expenses by around \$254 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 \$1.688 billion in 2019-20. The current average duration of General Government Sector debt is just over 5.5 years. The majority of General Government Sector debt is held under fixed interest rates and therefore the impact of interest rate variations on debt servicing costs in 2019-20 would be relatively modest, with the impact occurring progressively across the forward estimates.

Actuarial estimates of superannuation and long service leave

Liabilities for superannuation and long service leave are estimated by the State Actuary with reference to, among other things, assumed rates of investment returns, salary growth, inflation and discount rate. These liabilities are therefore subject to changes in these parameters. Similarly, the long service leave liabilities are subject to the risk that the actual rates of employee retention will vary from those assumed in the liability calculation.

Appendix D: Fiscal Aggregates and Indicators

Table D.1 Key Fiscal Aggregates¹

	2011-12 Actual ² \$ million	2012-13 Actual ² \$ million	2013-14 Actual ² \$ million	2014-15 Actual ² \$ million	2015-16 Actual ² \$ million	2016-17 Actual ² \$ million	2017-18 Actual ² \$ million	2018-19 Revised \$ million	2019-20 Budget \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
General Government												
Total revenue	45,801	41,755	46,705	49,970	50,780	56,194	58,087	60,068	60,387	61,729	63,583	65,540
Tax revenue	10,608	10,937	11,840	12,598	12,547	12,919	13,244	14,005	15,164	15,777	16,601	17,525
Total expenses	46,028	46,313	46,217	49,551	50,112	53,369	56,335	59,226	60,198	61,416	63,101	64,753
Employee expenses	18,250	18,130	17,816	18,592	20,045	21,258	22,678	24,096	25,396	25,728	26,709	27,724
Net operating balance	(226)	(4,558)	488	420	668	2,825	1,752	841	189	313	483	787
Capital purchases	7,971	7,001	6,323	4,635	4,044	4,620	5,127	6,060	6,727	7,125	7,963	6,179
Net capital purchases	5,241	3,387	3,085	996	1,163	2,265	2,339	3,518	3,716	3,980	4,763	2,518
Fiscal balance	(5,467)	(7,944)	(2,597)	(576)	(495)	560	(586)	(2,677)	(3,527)	(3,667)	(4,280)	(1,731)
Borrowings with QTC	28,391	36,508	39,864	41,343	34,200	31,358	29,256	29,933	32,781	35,218	40,174	42,589
Leases and similar arrangements ³	1,126	1,370	1,503	1,761	1,286	1,882	2,152	2,623	5,824	7,071	6,943	6,966
Securities and Derivatives	1	1	1	(0)	(0)	(0)	122	122	122	122	122	122
Net debt	(5,720)	2,466	5,208	5,749	654	(355)	(497)	1,661	8,001	12,306	16,961	19,562
Non-Financial Public Sector												
Total revenue	52,307	49,181	53,502	56,178	57,393	64,855	66,164	67,699	68,272	69,542	71,558	74,040
Capital purchases	11,980	10,774	9,313	7,811	6,852	7,291	7,644	8,856	10,223	10,447	11,210	8,640
Borrowings with QTC	60,205	67,116	70,668	73,256	71,160	69,107	66,964	68,141	71,954	75,413	80,645	82,972
Leases and similar arrangements ³	1,127	1,559	1,752	1,802	1,316	1,882	2,152	2,623	6,217	7,430	7,266	7,254
Securities and Derivatives	210	411	216	175	446	895	405	671	544	502	492	492

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

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Table D.2 Key Fiscal Indicators¹

	2011-12 Actual ² %	2012-13 Actual ² %	2013-14 Actual ² %	2014-15 Actual ² %	2015-16 Actual ² %	2016-17 Actual ² %	2017-18 Actual ² %	2018-19 Revised %	2019-20 Budget %	2020-21 Projection %	2021-22 Projection %	2022-23 Projection %
General Government												
Revenue/GSP	16.5	14.8	16.1	16.9	16.7	17.2	16.7	16.3	15.8	15.6	15.4	15.2
Tax/GSP	3.8	3.9	4.1	4.3	4.1	4.0	3.8	3.8	4.0	4.0	4.0	4.1
Own source revenue/GSP	8.3	8.3	8.6	8.9	8.9	8.8	8.6	8.5	8.5	8.1	8.0	7.9
Expenses/GSP	16.5	16.4	16.0	16.8	16.5	16.3	16.2	16.0	15.8	15.6	15.3	15.0
Employee expenses/GSP	6.6	6.4	6.2	6.3	6.6	6.5	6.5	6.5	6.7	6.5	6.5	6.4
Net operating balance/GSP	(0.1)	(1.6)	0.2	0.1	0.2	0.9	0.5	0.2	0.0	0.1	0.1	0.2
Capital purchases/GSP	2.9	2.5	2.2	1.6	1.3	1.4	1.5	1.6	1.8	1.8	1.9	1.4
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets	36.3	(40.7)	45.9	97.5	122.9	134.2	106.7	78.8	59.7	64.5	54.7	69.9
Fiscal balance/GSP	(2.0)	(2.8)	(0.9)	(0.2)	(0.2)	0.2	(0.2)	(0.7)	(0.9)	(0.9)	(1.0)	(0.4)
Total borrowings/GSP	10.6	13.4	14.3	14.6	11.7	10.2	9.1	8.9	10.2	10.7	11.4	11.5
Total Borrowings/Revenue	64.4	90.7	88.6	86.3	69.9	59.2	54.3	54.4	64.1	68.7	74.3	75.8
Revenue growth	9.0	(8.8)	11.9	7.0	1.6	10.7	3.4	3.4	0.5	2.2	3.0	3.1
Tax growth	6.3	3.1	8.3	6.4	(0.4)	3.0	2.5	5.7	8.3	4.0	5.2	5.6
Expenses growth	5.9	0.6	(0.2)	7.2	1.1	6.5	5.6	5.1	1.6	2.0	2.7	2.6
Employee expenses growth	8.5	(0.7)	(1.7)	4.4	7.8	6.1	6.7	6.3	5.4	1.3	3.8	3.8
Non-Financial Public Sector												
Capital purchases/GSP	4.3	3.8	3.2	2.6	2.3	2.2	2.2	2.4	2.7	2.6	2.7	2.0
Total borrowings/GSP	22.1	24.5	25.1	25.5	24.0	22.0	20.0	19.4	20.7	21.1	21.4	21.0
Total Borrowings/Revenue	117.7	140.5	135.8	133.9	127.1	110.8	105.1	105.5	115.3	119.8	123.5	122.5
Net financial liabilities ² /revenue	115.6	133.4	129.8	125.2	127.4	111.2	110.4	115.4	124.0	127.2	128.2	123.9

Notes:

1. Bracketed numbers represent negative amounts.
2. UPF definition, which is equal to total financial assets less investments in other public sector entities less total liabilities. Has been revised since 2018-19 MYFER to correct an error in the calculation.
3. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated above to ensure comparability.



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2019-20 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

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Capital Statement

Budget Paper No. 3

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State Budget
2019-20

Capital Statement

Budget Paper No. 3

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1 Approach and highlights

Features

- The Queensland Government is continuing to invest in productivity-enhancing economic infrastructure and essential social infrastructure to create jobs, support Queensland businesses and drive economic growth across all regions of the State.
- In this Budget, the Government has committed \$49.544 billion over the next four years to fund construction of the critical infrastructure and capital works needed to rebuild and grow the State's regions, facilitate and support business-led growth and deliver essential services to improve the quality of life enjoyed by the State's growing population.
- The Government's capital program will directly support substantial employment and economic activity across all regions of the State, with the \$12.941 billion capital program in 2019-20 estimated to support 40,500 jobs. Importantly, around 60% of the capital program and 25,500 of the jobs supported are outside the Greater Brisbane area.
- In 2019-20, the Government will deliver a \$5.625 billion investment in transformative transport infrastructure. Highlights of the 2019-20 transport capital program include: \$1.480 billion to commence major construction work on Cross River Rail, as well as progress the planning, procurement and development associated with the project; substantial ongoing investment to fund major upgrades to the M1 Pacific Motorway and the Bruce Highway; and \$46.3 million for ongoing work on the Smithfield Bypass project, which will relieve congestion, improve safety and improve traffic flow for road users around the northern beaches of Cairns.
- To help enhance the productive capacity of Queensland's businesses, industries, communities and regions for the future, the energy and water portfolios will invest \$2.660 billion in infrastructure in 2019-20 to support the ongoing delivery of safe, secure, reliable and cost-effective energy and water across the State.
- The capital program will also deliver the critical infrastructure required to ensure current and future generations of Queenslanders continue to have access to world-class health and education services.
- Capital expenditure for the health portfolio is \$777.7 million in 2019-20, including \$78.6 million as part of the *Enhancing Regional Hospitals* program, \$40.7 million as part of the *Rural and Regional Infrastructure* package and \$36.3 million as part of the *Building Better Hospitals* program.
- The education portfolio's capital purchases total \$1.227 billion in 2019-20, including: \$479.2 million as part of the \$1.3 billion *Building Future Schools Fund* and \$296.7 million for the provision of additional facilities at existing state schools experiencing faster enrolment growth. The increase in the 2019-20 budget demonstrates the Government's commitment to ensuring Queensland state schools continue to meet enrolment demand and have world-class facilities.

- Importantly, the Budget also includes substantial ongoing investment in key infrastructure supporting the State's delivery of enhanced justice and public safety services, including \$178 million over three years 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 2019-20 includes \$479.3 million of capital purchases and grants to construct new dwellings and upgrade existing properties, 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 \$1.599 billion in capital grants in 2019-20, including \$50 million as part of the *Works for Queensland* program.
- Another highlight of the 2019-20 capital program will see completion of the \$290 million North Queensland Stadium, which will deliver an iconic, 25,000-seat stadium in Townsville in time for the 2020 National Rugby League (NRL) Premiership Season.
- Port of Townsville Limited has commenced the Channel Capacity Upgrade project to widen the existing Platypus Channel and Sea Channel connection to the port to allow larger vessels safe access, at an estimated cost of \$193.5 million.
- The Government also remains committed to rebuilding regional communities impacted by the North Queensland floods and other recent natural disasters, with a critical element of the Government's investment focussed on improving existing infrastructure to improve the resilience of the State's communities. The direct cost of recovery and damage to public assets from 2018-19 natural disasters is estimated at \$1.3 billion.
- Funding of \$5.4 million is allocated in 2019-20 as part of the *Queensland Disaster Resilience Fund*, a State funded program delivering \$38 million over four years and administered by the Queensland Reconstruction Authority (QRA).
- The QRA will also administer 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, with the fund to be fully allocated in 2019-20 and delivered over three years.

1.1 Introduction

The Queensland Government is continuing to invest in productivity-enhancing economic infrastructure and essential social infrastructure across all regions of the State.

In line with the Government's Economic Plan, the 2019-20 Capital Statement highlights the Government's substantial investment in critical infrastructure that will help create secure, well-paid jobs, support Queensland businesses and drive the ongoing growth of strong regional economies.

This investment will ensure Queensland's economy and regions continues to prosper in the face of an everchanging global landscape, thereby ensuring all Queenslanders share in the opportunities and prosperity delivered by a growing economy now and in the future.

The Government is building the transport, energy, water, health and education infrastructure needed to ensure the State's businesses can continue to grow, invest and employ, while our communities remain resilient and safe.

Importantly, the capital program benefits communities across all regions of the State, with new hospitals, schools, social housing and cultural facilities ensuring Queensland communities and families can continue to enjoy an improved quality of life.

The Government's capital program will also directly support substantial jobs across the State during the construction phase, with the \$12.941 billion capital program in 2019-20 estimated to support 40,500 jobs, with 25,500 of these jobs outside of Greater Brisbane.

The vital infrastructure the Government is investing in now will endure and support Queensland businesses, regional economies and communities, driving ongoing economic growth and creating jobs for decades and generations to come.

1.2 Capital planning and prioritisation

The Queensland Government has established a clear and comprehensive infrastructure planning framework to underpin and inform the prioritisation of the State's capital works, thereby ensuring delivery of the capital program 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, Building Queensland's Infrastructure Pipeline Report and the Queensland Transport and Infrastructure Program.

State Infrastructure Plan (SIP)

The SIP provides the Government's vision for infrastructure planning, investment and delivery. The SIP ensures 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, Manufacturing, Infrastructure and Planning.

Further details on the SIP are available at <https://www.dsdmip.qld.gov.au/infrastructure/state-infrastructure-plan.html>.

Building Queensland (BQ)

BQ, an independent statutory body, provides expert advice on major infrastructure projects to the Queensland Government, including leading or assisting with the development of detailed business cases on major projects. BQ also develops the Infrastructure Pipeline Report to assist in determining the projects that will best address the State's infrastructure priorities.

Further details on BQ and its functions are available at <http://buildingqueensland.qld.gov.au/>.

Queensland Transport and 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 \$ 23 billion¹ investment over the four years from 2019-20, directly supporting an estimated average of approximately 21,500 direct jobs over the life of the program.

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 Total QTRIP investment is inclusive of both non-capital and capital components.

1.3 Key capital projects and programs

Cross River Rail

Cross River Rail is a 10.2 kilometre rail line from Dutton Park to Bowen Hills, with 5.9 kilometres of twin tunnels under the Brisbane River and CBD. Cross River Rail will see four new high capacity and two upgraded stations developed at Boggo Road, Woolloongabba, Albert Street, Roma Street, Dutton Park and the Exhibition showgrounds.

Cross River Rail means more trains, more often and turn-up-and-go transport for South East Queensland (SEQ) commuters. The preferred proponents have been announced and work is well underway, with demolition continuing in 2019 and tunnelling starting next year.

This second rail river crossing will ease congestion, improve network reliability and increase heavy rail accessibility to the Brisbane CBD for all SEQ regions. The Government recognises the significant potential of this infrastructure to boost jobs and economic growth. During its five-year construction period, Cross River Rail will support up to 7,700 full-time equivalent (FTE) jobs, with an average of 1,500 FTE jobs supported per year and almost 3,000 FTE supported jobs during the most intensive year of construction. This includes 450 apprentice and trainee opportunities.

Cross River Rail is being delivered through several works packages, with a Public Private Partnership (PPP) for the Tunnels, Stations and Development package currently at the preferred proponent stage. This approach optimises risk allocation and provides opportunities for the private sector to provide innovation in relation to the delivery and maintenance of tunnels, stations and over station development.

During the 2018-19 financial year, the Cross River Rail project has progressed early works and procurement activities, with delivery and procurement overseen by the Cross River Rail Delivery Authority. Early works are now nearing completion and Preferred Proponents for the Tunnel, Stations and Development PPP consortia and the Rail, Integration and Systems alliance were appointed in April 2019, with contract award due in mid-2019. Further, preparation of the key project works site in Woolloongabba is well progressed following completion of the demolition of the Goprint and Landcentre buildings in late 2018.

M1 Pacific Motorway upgrades

A safe, efficient and reliable M1 Pacific Motorway plays an important role in driving productivity and competitiveness across SEQ. The Queensland Government is investing \$897.5 million to deliver major projects on the M1, including the Varsity Lakes to Tugun and Eight Mile Plains to Daisy Hill projects.

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. During 2019-20, it is expected that the main construction contract will be awarded and early works will commence. The indicative total estimated cost for the project is \$1.030 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 is currently in design phase with construction expected to commence in mid-2020. The total estimated cost of this project is \$749 million.

In addition, the Queensland and Australian Governments have committed substantial funding for the Pacific Motorway/Gateway Motorway Merge project and the Mudgeeraba to Varsity Lakes project, both of which are due for completion in 2020.

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 2019-20 capital program includes several key projects on the Bruce Highway, supporting construction jobs across the regions, including:

- \$186 million to widen the Bruce Highway from four to six lanes, Caloundra Road to the Sunshine Motorway.
- \$108 million to construct bridges and approaches on the Haughton River Floodplain, south of Giru between Horseshoe Lagoon and Palm Creek.
- \$60 million to construct Mackay Ring Road (Stage 1).
- \$40 million to upgrade Bruce Highway/Maroochydore Road Interchange (Stage 1).
- \$37.9 million, as part of the Cairns Southern Access Corridor Stage 3, to duplicate from two to four lanes the Bruce Highway from Collinson Creek in Edmonton as far as the vicinity of Wrights Creek near Gordonvale Cairns.
- \$36.8 million to upgrade the Deception Bay Road interchange.
- \$30.3 million as part of the Cairns Southern Access Corridor Stage 4, to widen the Bruce Highway from four to six lanes, from Kate Street to Aumuller Street near the Port of Cairns and wharf precinct.
- \$29.1 million, as part of Rockhampton Northern Access (Stage 1), to duplicate from two to four lanes on the Bruce Highway between Rockhampton – Yeppoon Road and Parkhurst.
- \$21.4 million to widen and pave approximately 18 kilometres of the Bruce Highway, north of Benaraby.
- \$20 million towards Mackay Northern Access Upgrade project on the Bruce Highway from Ron Camm Bridge to the Mackay Ring Road (Stage 1).

This Budget also includes key Bruce Highway upgrades that will commence construction after 2019-20, supporting ongoing local construction jobs in regions over the longer term:

- Rockhampton Ring Road – to provide a western link of the Bruce Highway to the west of Rockhampton, with key linkages into the city at the Capricorn Highway, Ridgeland Road, Alexandra Street and Yaamba Road (Rockhampton-Yeppoon Road), at a total cost of \$1 billion.
- Cooroy – Curra Section D – the planned construction of a new 26 kilometre highway running east of Gympie (between Woondum to Curra), at a total cost of \$1 billion.

- Pine River – Caloundra Road Interchange – to widen to six lanes between Caboolture – Bribie Island Road Interchange and Steve Irwin Way, at a total cost of \$662.5 million.
- 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, at a total cost of \$180 million.

North Queensland Stadium

Construction work on the \$290 million North Queensland Stadium project commenced in 2018. The project will deliver an iconic, 25,000-seat stadium in Townsville in time for the 2020 National Rugby League (NRL) Premiership Season.

The North Queensland Stadium is a joint project of the Queensland Government, Australian Government and Townsville City Council, and is supported by both the NRL and North Queensland Cowboys. The stadium forms part of the Townsville City Deal signed in December 2016.

The project aims to maximise employment and business opportunities for the people of Townsville and the North Queensland region, supporting 250 jobs per year during construction.

The stadium will also be a catalyst for urban renewal and regeneration for Townsville's inner city and waterfront. Once complete, the stadium will host a multitude of sporting, cultural and community events.

Youth justice reforms and additional youth justice infrastructure

The Government is committed to 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 for the completion of these projects over the next three years.

An additional 16 beds for young persons are to be built within the Brisbane Youth Detention Centre (BYDC) located at Wacol, along with upgrades to existing facilities and additional amenities including educational classrooms, kitchen and laundry facilities.

In addition, a new youth detention centre, with a 32-bed capacity, will be constructed on land adjacent to the existing BYDC.

Port of Townsville Channel Capacity Upgrade

Port of Townsville Limited (POTL) has commenced the Channel Capacity Upgrade project to widen the existing Platypus Channel and Sea Channel connection to the port to allow larger vessels safe access, at an estimated cost of \$193.5 million. Supporting the local economy and jobs, both during and after construction, the Queensland Government has invested \$75 million in the project and the Australian Government has committed to provide \$75 million, with POTL funding \$43 million. The Channel Capacity Upgrade forms part of the Townsville City Deal signed in December 2016.

As well as widening the channels, associated works include construction of rock walls and revetments to form receiving ponds for the beneficial re-use of dredged material, sourcing marine-grade armour rock required for rock walls and revetments, and installing navigation aids aligned with the new channel configuration. POTL will beneficially re-use the capital dredged material consistent with the *Sustainable Ports Development Act 2015*.

New Gold Coast train stations

The Queensland Government has fully funded the construction of three new rail stations on the Gold Coast Line at Pimpama, Helensvale North, and Worongary/Merrimac. These stations will be opened for the first services on Cross River Rail to the Gold Coast and will ease congestion pressure on key arterial roads. Gold Coast customers will have more options to choose a local station for their commute.

The commitment, which will also support substantial jobs during construction, commencing in 2020-21, as part of total funding of \$120 million to 2022-23.

Smithfield Bypass

The \$152 million Smithfield Bypass project is a 3.8 kilometre alternative route to the Captain Cook Highway. The new bypass road will relieve congestion at the busy intersections at Kennedy Highway and Cairns Western Arterial Road, which will improve safety and traffic flow for road users around the northern beaches of Cairns. 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 \$956.9 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 and a Magnetic Resonance Imaging (MRI) suite to grow clinical capacity.

Building Future Schools and Renewing our Schools

Through the \$1.3 billion *Building Future Schools Fund*, the Government is building seven new secondary schools, two new special schools, and three new primary schools.

For existing state schools, the Government's *Renewing Our Schools Program* provides \$235 million over four years to 2021-22 to enhance and upgrade facilities in identified state schools across Queensland. The Government is also providing increased funding of \$251.3 million over three years from 2018-19 for the provision of additional facilities at existing state schools experiencing faster enrolment growth.

New Generation Rollingstock

The Queensland Government will continue to deliver the New Generation Rollingstock (NGR) project. The project is an availability-based Public Private Partnership (PPP) and includes 75 new passenger trains, the Wulkuraka maintenance centre and three NGR training simulators. The NGR trains have been operating alongside the rest of the SEQ network fleet since December 2017.

The Queensland Government is currently working with the disability sector to make accessibility modifications and functional improvements for people with disabilities to NGR trains in compliance with the disability standards. These modifications will be carried out in Queensland, sustaining 50 existing jobs and creating 30 new jobs in Maryborough. The modifications and improvements include: installing larger toilet modules that provide access to passengers with mobility devices; doubling the number of priority seating from 24 to 48 seats; revising seating layouts to improve access for passengers with mobility devices; and further functionality improvements to internal fittings and carriage features. It is expected that the first upgraded train will be back on the network in 2020, with all 75 NGR trains modified with accessibility upgrades to be back on the network in 2024.

Rail network infrastructure upgrades

In 2019-20, this Budget includes the following new measures to deliver priority rail network enhancements in inner Brisbane:

- \$27 million to acquire land for a new \$380 million train stabling facility at the Clapham Rail Yard in Yeerongpilly. The facility will provide for increased capacity and reliability of the rail network and will reduce empty running of trains outside peak service periods.
- \$13 million to upgrade Mayne Rail Yard and the nearby Breakfast Creek Bridge, increasing the speed and reliability of rail services and enhancing the safety and operations of the rail yard. A further \$146.9 million is provided over 2020-21 to 2023-24.
- \$2 million as part of a \$57 million increase to the \$300 million station accessibility upgrade program, to upgrade accessibility to rail stations between Fairfield and Salisbury, and improve passenger and staff accessibility, comfort and convenience.

European Train Control System (ETCS)

Implementation of ETCS through the centre of Brisbane's rail network will improve passenger safety and provide increased network capacity to run additional rail services. The Budget provides \$73.5 million in 2019-20 as part of a \$634.4 million allocation for the delivery of ETCS through the inner-city rail network.

Rookwood Weir

Progressing the Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The weir could add up to 76,000 megalitres of water for agricultural production along the Fitzroy River, as well as an eventual back-up supply for Gladstone, Rockhampton and Livingstone Shire. The project is also expected to create 100 jobs in regional Queensland during construction.

Significant steps have been taken throughout the year toward the construction of Rookwood Weir. The Queensland and Australian Government have agreed to work in partnership to deliver the project. In parallel, Sunwater has progressed preparatory works, with early works for the project expected to commence in the second half of 2019.

New Performing Arts Venue at the Queensland Performing Arts Centre

The Queensland Government has committed to deliver a new \$150 million state-of-the-art theatre for Brisbane, investing \$125 million over four years from 2018-19. This investment in a new theatre follows the recommendations of the detailed business case for a minimum 1,500 seat theatre at the Playhouse Green site, to be operated by the Queensland Performing Arts Centre (QPAC), which will contribute \$25 million to the new venue.

QPAC, which schedules over 1,300 performances annually with a record 1.5 million people attending in 2017-18, is nearing full capacity with a strong forward program of bookings to 2022 and beyond. The unique opportunity exists to invest in QPAC's growth to create Queensland's largest performing arts centre, with five outstanding venues that will further bolster Queensland's cultural vibrancy, support the local arts sector and drive cultural tourism.

With QPAC operating the new theatre, it can program across all venues to ensure Queensland companies are supported by the best sized theatre and season duration, while also meeting growing demand for musicals. An independent expert panel is providing heritage advice on the design of the new theatre.

The addition of this new theatre will see QPAC become Australia's largest performing arts centre with the potential to welcome an additional 300,000 visitors each year when fully operational from 2022.

North Coast Line – Beerburrum to Nambour Rail Project

The Queensland Government is providing \$160.8 million over four years towards the Beerburrum to Nambour rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line.

Detailed design is underway for enabling works and will be complete in 2019-20, with construction to be progressed based on further negotiations with the Australian Government. The Australian Government has provided an initial \$390 million towards the project.

New Public Transport Ticketing System

The State has provided \$371.1 million for a new public transport ticketing system that will be delivered across public transport over 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

As part of the Government's reforms to the criminal justice system, the Government is providing additional funding of around \$620 million, held centrally, towards an expansion of the Southern Queensland Correctional Precinct.

A number of major benefits will be achieved through the Stage 2 Expansion. It will deliver a correctional facility with a focus on health and rehabilitation, to reduce reoffending.

This expanded facility, with its 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 Stage 2 Expansion will ease overcrowding across the correctional services system, helping keep correctional officers and prisoners safe.

Roma Street Busway upgrade

The Roma Street busway interchange will undergo an underground transformation to create a seamless rail and bus connection for commuters. 36,000 passengers will use Roma Street every day to transfer between trains and buses. This Budget provides \$20 million in 2019-20 for a new \$250 million underground busway station, to deliver an underground busway to rail interchange between the Cross River Rail station and the Roma Street Busway, to deliver enhanced connectivity between bus and rail at Queensland's busiest public transport interchange. Delivery will be concurrent with underground works for the new Cross River Rail station.

Building our Regions

Building our Regions received a boost of \$70 million over four years, taking the total funding for the program to \$515 million for regional infrastructure program for local government projects. The program supports critical infrastructure in regional areas that meet specific community needs, with a focus on delivering enduring economic outcomes and creating jobs.

Of this funding, \$150 million has been allocated to the *Transport Infrastructure Development Scheme (TIDS)* to increase the funding delivered through TIDS to regional local governments. These funds are managed by the Department of Transport and Main Roads.

The remaining \$365 million of the *Building our Regions* program is administered by the Department of State Development, Manufacturing, Infrastructure and Planning, with approvals to date of \$292.6 million in funding towards 223 infrastructure projects across 66 local governments in regional Queensland, supporting approximately 2,419 construction jobs.

This has leveraged further financial co-contributions of almost \$487 million from local governments, the Australian Government and others, to create a total value of capital expenditure of \$779.5 million.

Works for Queensland

The *Works for Queensland* program supports local governments outside SEQ by funding job-creating maintenance and minor infrastructure projects relating to assets owned or controlled by local governments.

The 2017-18 State Budget allocated an additional \$200 million over two years for a second *Works for Queensland* funding round, which was then supplemented by a further \$200 million during 2017-18. This brings the total program funding from 2016-17 to 2020-21 to \$600 million. Based on data from participating local councils, the *Works for Queensland* Program has created/supported more than 14,000 jobs, as at 30 April 2019.

In 2019-20, \$50 million will be delivered from these additional funds.

Disaster Resilience Program

Queensland is impacted by natural disasters and, while rebuilding after a disaster is important, increasing resilience of our infrastructure to lessen the impacts of natural disasters means that communities can recover more quickly after a natural disaster strikes. Therefore, a critical element of the Government's infrastructure investment is improving existing infrastructure to improve the resilience of the State's communities. The direct cost of recovery and damage to public assets from 2018-19 natural disasters is estimated at \$1.3 billion.

To help foster this enhanced resilience, \$ 5.4 million is allocated in 2019-20 to the Queensland *Disaster Resilience Fund*, a State funded program delivering \$38 million over four years and administered by the Queensland Reconstruction Authority, to support delivery of disaster-mitigation projects and initiatives that build resilience to natural disasters.

Amongst a suite of measures aimed at promoting recovery and resilience, the Queensland Reconstruction Authority will also administer 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, with the fund to be fully allocated in 2019-20 and delivered over three years.

2 2019-20 Capital program overview

2.1 Introduction

In this Budget, the Queensland Government has allocated a total of \$12.941 billion in 2019-20 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 2019-20 capital program, which is estimated to directly support around 40,500 jobs across the State, represents an 11.7% increase compared with the \$11.583 billion allocated for the 2018-19 capital program in last year's Budget.

The 2019-20 capital works program comprises \$11.342 billion of purchases of non-financial assets (PNFA) and acquisitions of non-financial assets under finance leases and \$1.599 billion of capital grants expenses.

Importantly, the 2019-20 capital program also demonstrates the Government's commitment to rebuilding and grow the State's regions, with \$7.693 billion, or around 60%, of the capital program in 2019-20 to be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich), supporting an estimated 25,500 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 2019-20 total \$3.5 billion and comprise 27% of the total capital program.

The Government has implemented a clear focus on improving the timely delivery of essential infrastructure for Queensland. This has resulted in an improvement in the amount of capital expenditure delivered, with 96% of budgeted capital purchases actually delivered in 2017-18, the highest proportion in the past six years.

A similar outcome is anticipated in 2018-19, with around 99% of budgeted capital purchases expected to be delivered, compared with the average of 85% for the five years from 2012-13 to 2016-17.

2.2 Capital purchases

The Queensland Government is continuing to provide the essential economic and social infrastructure needed to support economic growth, deliver essential services and ensure ongoing improvements in the quality of life enjoyed by Queensland’s growing population.

The 2019-20 capital program is comprised of \$11.342 billion of PNFA and acquisitions of non-financial assets under finance leases.

Capital purchases in 2019-20, categorised according to purpose, are outlined in Chart 1. Transport continues to account for the largest share of purchases, followed by energy, health and community services, and education and training.

Chart 1 Capital purchases by purpose 2019-20

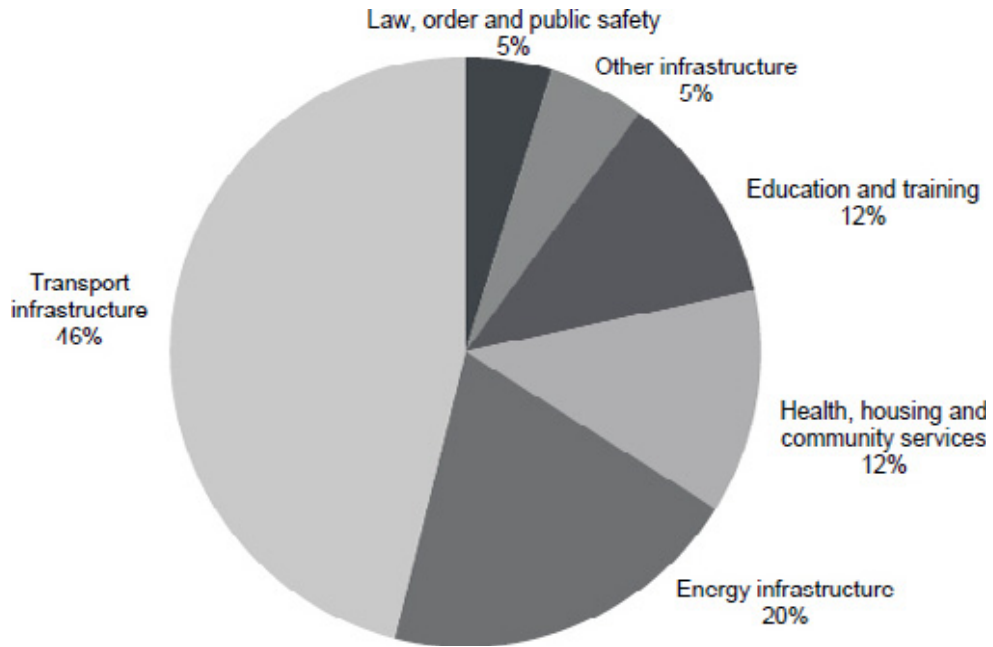


Table 2 outlines the capital purchases by Queensland Government entity, including the 2018-19 year (estimated actual) and the Budget for 2019-20. Transport and Main Roads has the largest proportion of total capital purchases.

Table 1 Capital purchases by Queensland Government entity^{1,2}

Entity	2018-19 Est. Actual \$'000	2019-20 Budget \$'000
Aboriginal and Torres Strait Islander Partnerships	6,100	100
Agriculture and Fisheries	23,963	22,020
Child Safety, Youth and Women	33,915	24,758
Communities, Disability Services and Seniors	19,691	20,010
Education	880,012	1,227,336
Electoral Commission of Queensland	2,689	1,925
Employment, Small Business and Training	53,700	128,950
Environment and Science	92,557	114,031
Housing and Public Works	558,002	665,468
Justice and Attorney-General	52,954	77,531
Legislative Assembly of Queensland	9,214	6,832
Local Government, Racing and Multicultural Affairs	3,142	2,834
Natural Resources, Mines and Energy		
Natural Resources, Mines and Energy	91,818	109,593
Energy Generation	290,288	613,509
Energy Transmission and Distribution	1,559,901	1,620,163
Water Distribution and Supply	190,313	261,729
Public Safety Business Agency ³	231,720	263,621
Queensland Corrective Services	132,605	126,709
Queensland Fire and Emergency Services	5,750	5,450
Queensland Health	761,456	777,746
Queensland Police Service	15,651	24,646
Queensland Treasury		
Queensland Treasury	7,107	561
Cross River Rail Delivery Authority	721,000	1,479,707
State Development, Manufacturing, Infrastructure and Planning	100,141	109,051
Transport and Main Roads		
Transport and Main Roads	3,756,236	2,902,793
Queensland Rail	550,507	638,635
Port Authorities	180,624	337,366
Youth Justice	3,560	51,914
Other agencies ⁴	8,900	2,841
Other adjustments ⁵	(164,104)	374,230
Anticipated contingency reserve ⁶	(350,000)	(650,000)
Total Capital Purchases	9,829,412	11,342,059

Capital Statement 2019-20

	2018-19 Est. Actual \$'000	2019-20 Budget \$'000
Total Capital Purchases Breakdown		
Consisting of:		
Purchases of non-financial assets per Non-financial Public Sector Cash Flow Statement (BP2 Table 9.9)	8,855,539	10,222,835
New finance leases	973,873	1,119,224
Total Capital Purchases	9,829,412	11,342,059

Notes:

1. Includes all associated statutory bodies.
2. Numbers may not add due to rounding.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. Representing Inter-agency eliminations, movements in capital payable and receivable, funds held centrally and other accounting adjustments to align with Uniform Presentation Framework Statements.
6. Contingency recognises that on a whole-of-Government basis, there is likely to be under spending, resulting in a carryover of capital allocations.

Table 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 \$6.494 billion (around 57.3%) of capital purchases in 2019-20 will be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich).

Table 2 Capital purchases by RAP region and statistical area for 2019-20^{1,2}

Regional Action Plan Region	Capital Purchases \$'000	Statistical Area		Capital Purchases \$'000
Brisbane and Redlands	3,592,989	301	Brisbane East	200,832
		302	Brisbane North	341,685
		303	Brisbane South	464,135
		304	Brisbane West	240,068
		305	Inner Brisbane	2,346,269
Ipswich ³	832,826	310	Ipswich	832,826
Wide Bay	515,351	319	Wide Bay	515,351
Darling Downs	661,032	307	Darling Downs Maranoa	452,193
		317	Toowoomba	208,839
Gold Coast	712,595	309	Gold Coast	712,595
Logan	422,342	311	Logan Beaudesert	422,342
Mackay-Whitsunday	462,196	312	Mackay	462,196
Outback Queensland ⁴	284,688	315	Outback	405,420
Far North Queensland ⁴	753,733	306	Cairns	633,001
Central Queensland	975,443	308	Central Queensland	975,443
Sunshine Coast and Moreton Bay	1,364,268	316	Sunshine Coast	818,414
		313	Moreton Bay North	313,622
		314	Moreton Bay South	232,232
Townsville	764,596	318	Townsville	764,596
Total Capital Purchases				11,342,059

Notes:

1. Numbers may not add due to rounding.
2. The Anticipated Contingency Reserve and other adjustments have been spread across statistical areas proportionate to capital spends.
3. Capital purchases allocated to the Ipswich region include capital purchases related to the New Generation Rollingstock project, consistent with the approach adopted in previous State budgets.
4. \$120.7 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 \$1.599 billion in 2018-19, with Chart 2 below outlining the capital grants to local governments (LG), non-government organisations (NGOs) and individuals.

Chart 2 Capital grants by purpose and recipient

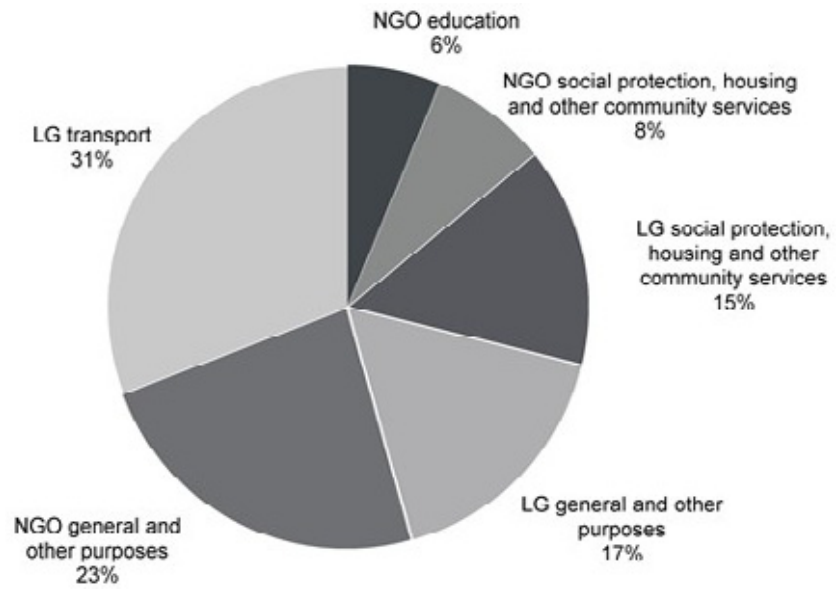


Table 3 shows the planned expenditure on capital grants by Queensland Government entity for 2019-20. The Department of State Development, Manufacturing, Infrastructure and Planning has the highest level of capital grants.

Table 3 Expenditure on capital grants by Queensland Government entity^{1,2}

Entity	2018-19 Est. Actual \$'000	2019-20 Budget \$'000
Aboriginal and Torres Strait Islander Partnerships	12,849	7,142
Agriculture and Fisheries	800	914
Child Safety, Youth and Women	500	—
Communities, Disability Services and Seniors	1,961	2,699
Education	98,323	100,098
Environment and Science	13,045	5,585
Housing and Public Works	132,579	152,494
Innovation, Tourism Industry Development and the Commonwealth Games	7,885	93,405
Local Government, Racing and Multicultural Affairs	304,477	159,512
Natural Resources, Mines and Energy	160,000	55,000
Queensland Fire and Emergency Services	897	897
Queensland Treasury		
Queensland Treasury	126,664	109,839
Cross River Rail Delivery Authority	—	49,658
State Development, Manufacturing, Infrastructure and Planning	448,696	348,170
Transport and Main Roads	294,967	216,742
Other agencies	4,200	—
Other adjustments ³	99,750	75,756
Anticipated contingency reserve	—	221,000
Total Capital Grants	1,707,593	1,598,911

Notes:

1. Includes associated statutory bodies.
2. Numbers may not add due to rounding.
3. Includes assets transferred, funds held centrally and other technical accounting adjustments.

Table 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 \$1.199 billion (around 75%) of capital grants in 2019-20 will be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich).

Table 4 Capital grants by RAP region and statistical area for 2019-20^{1,2}

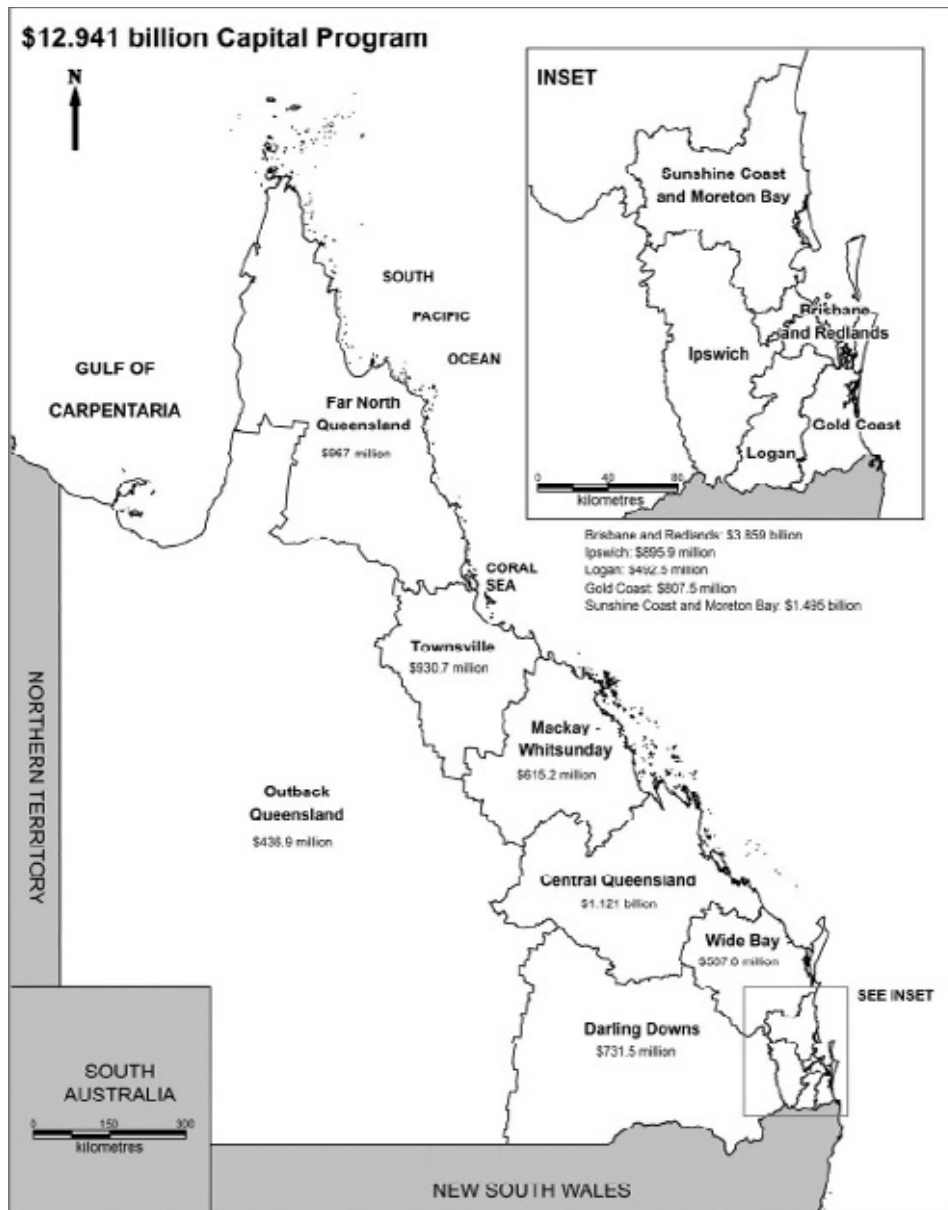
Regional Action Plan Region	Grants \$'000		Statistical Area	Grants \$'000
Brisbane and Redlands	266,349	301	Brisbane East	34,983
		302	Brisbane North	37,054
		303	Brisbane South	59,376
		304	Brisbane West	26,480
		305	Inner Brisbane	108,456
Ipswich	63,118	310	Ipswich	63,118
Wide Bay	72,424	319	Wide Bay	72,424
Darling Downs	70,512	307	Darling Downs Maranoa	37,085
		317	Toowoomba	33,427
Gold Coast	94,918	309	Gold Coast	94,918
Logan	70,144	311	Logan Beaudesert	70,144
Mackay-Whitsunday	152,986	312	Mackay	152,986
Outback Queensland ³	152,217	315	Outback	236,024
Far North Queensland ³	213,310	306	Cairns	129,503
Central Queensland	145,759	308	Central Queensland	145,759
Sunshine Coast and Moreton Bay	131,088	316	Sunshine Coast	55,419
		313	Moreton Bay North	46,042
		314	Moreton Bay South	29,627
Townsville	166,086	318	Townsville	166,086
Total Capital Grants				1,598,911

Notes:

1. Numbers may not add due to rounding.
2. The adjustments referred to in Table 4 have been spread across statistical areas proportionate to allocation of Grants.
3. \$83.8 million of capital grants in the Outback statistical area belongs to the Far North Queensland region.

Chart 3 shows the distribution of the total 2019-20 capital program (capital purchases and capital grants) across the geographical regions of Queensland, as classified for Budget Paper 3 purposes.

Chart 3 Map of 2019-20 capital program by Queensland regions



Note: Boundaries are based on ASGS 2016

3 Capital outlays by entity

3.1 ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS

Department of Aboriginal and Torres Strait Islander Partnerships

Total capital purchases for the Department of Aboriginal and Torres Strait Islander Partnerships are estimated to be \$100,000 in 2019-20. Total capital grants for the department are estimated to be \$7.1 million in 2019-20.

Program Highlights (Property, Plant and Equipment)

- \$100,000 for other property, plant and equipment to support departmental operations.

Program Highlights (Capital Grants)

- \$400,000 to advance land and infrastructure works in Aboriginal and Torres Strait Islander discrete communities.
- \$365,000 to complete the Kickstart Mossman Gorge infrastructure initiative.
- \$600,000 to provide accommodation at the Three Rivers Community Centre redevelopment.
- \$337,000 to provide accommodation to support the Wathaniin on-country training initiative.
- \$120,000 to complete splash parks in the Cape York communities of Pormpuraaw, Napranum and Mapoon.
- \$320,000 to complete the Kowanyama Men's Shed and the Women's Meeting Place.
- \$5 million to construct new splash park facilities on Palm Island and Thursday Island.

Capital Statement 2019-20

Aboriginal and Torres Strait Islander Partnerships					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS					
Property, Plant and Equipment					
Other property, plant and equipment	Various			100	Ongoing
Total Property, Plant and Equipment				100	
Capital Grants					
Indigenous land and infrastructure programs	315	88,756	88,356	400	
Kickstart Mossman Gorge infrastructure	306	4,818	4,453	365	
Three Rivers Community Centre redevelopment	315	3,267	2,667	600	
Wathaniin on-country training accommodation	315	500	163	337	
Cape York splash parks	Various	4,000	3,880	120	
Kowanyama Men's Shed and Women's Meeting Place	315	1,249	929	320	
Palm Island Splash Park	318	3,000		2,500	500
Thursday Island Splash Park	315	3,000		2,500	500
Total Capital Grants				7,142	
TOTAL ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS (PPE)				100	
TOTAL ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS (CG)				7,142	

3.2 AGRICULTURE AND FISHERIES

Department of Agriculture and Fisheries

Capital purchases and grants for the Department of Agriculture and Fisheries (DAF), reporting to the Minister for Agricultural Industry Development and Fisheries, are \$19.7 million in 2019-20. The department's capital program is focused on developing and upgrading research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry.

DAF has facilities located throughout rural and regional Queensland. These require continual minor works, mechanical items and plant and equipment upgrades to keep them operating effectively.

Program Highlights (Property, Plant and Equipment)

- \$6.4 million to continue upgrades of the department's research and operational facilities through the research facilities development, scientific equipment and minor works programs.
- \$2 million for new and replacement heavy plant and equipment including trucks, tractors, irrigators, all-terrain vehicles and other machinery.
- \$1.7 million to complete Stage 1 of the Toowoomba facilities upgrade project, which will enhance service delivery and improve operational efficiency.
- \$1.1 million to continue replacement of vessels and marine equipment for fisheries research and regulatory functions.
- \$700,000 to commence refurbishing the Tick Fever Centre at Wacol to meet required Australian Pesticides and Veterinary Medicines Authority standards.

Program Highlights (Capital Grants)

- \$914,000 for the Royal Society for the Prevention of Cruelty to Animals Queensland as a contribution towards a new adoption facility at Townsville.

Queensland Racing Integrity Commission

Capital purchases for the Queensland Racing Integrity Commission, reporting to the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs, are \$3.3 million for 2019-20. This includes \$1.6 million for system upgrades to support the delivery of the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report) recommendations and \$1.7 million for upgrades to laboratory and other equipment necessary to support other core services.

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Agriculture and Fisheries

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF AGRICULTURE AND FISHERIES					
Property, Plant and Equipment					
Computer equipment	305			4,965	Ongoing
Minor works	Various			2,500	Ongoing
Heavy plant and equipment	Various			2,000	Ongoing
Scientific equipment	Various			2,000	Ongoing
Research facilities development	Various			1,862	Ongoing
Upgrade and refurbishment of existing facilities at Toowoomba	317	9,600	7,914	1,686	
Vessels and marine equipment	Various			1,100	Ongoing
Other property, plant and equipment	Various			918	Ongoing
Refurbishment of Wacol Tick Fever Centre	310	1,500		700	800
Ecosciences and Health and Food Sciences Precincts fitout	Various			406	Ongoing
Software purchases and development	305			600	Ongoing
Total Property, Plant and Equipment				18,737	
Capital Grants					
Royal Society for the Prevention of Cruelty to Animals capital grant	318	3,000	2,086	914	
Total Capital Grants				914	
QUEENSLAND RACING INTEGRITY COMMISSION					
Property, Plant and Equipment					
Racing Science Centre laboratory technology upgrades	305	11,637	7,518	1,360	2,759
Other asset replacements	305	300		300	
Registration and Licencing Environment (RandLE)	305	1,623		1,623	
Total Property, Plant and Equipment				3,283	
TOTAL AGRICULTURE AND FISHERIES (PPE)				22,020	
TOTAL AGRICULTURE AND FISHERIES (CG)				914	

3.3 CHILD SAFETY, YOUTH AND WOMEN

Department of Child Safety, Youth and Women

The capital works program for the Department of Child Safety, Youth and Women is \$24.8 million in 2019-20. These funds provide the infrastructure and systems to support children, young people and families to be safe and help prevent and respond to crime, violence, abuse and neglect.

Program Highlights (Property, Plant and Equipment)

- \$2.1 million to continue compliance works and building upgrades to residential care facilities.
- \$14.8 million of a total \$21.9 million for the Integrated Client Management System (ICMS) Replacement Program - Stage 1, to improve multi-agency collaboration and information sharing to better support children and families in the child protection and youth justice systems.
- \$3.1 million to enhance and develop information systems to support the department's document, contract and record management systems.
- \$4 million to fitout and upgrade office accommodation and Child Safety Service Centres.

Project	Child Safety, Youth and Women		Total	Expenditure	Budget	Post
	Statistical		Estimated	to	2019-20	2019-20
	Area		Cost	30-06-19	\$'000	\$'000
DEPARTMENT OF CHILD SAFETY, YOUTH AND WOMEN						
Property, Plant and Equipment						
Child and Family Services Residential Care Facilities	Various				2,053	Ongoing
Sub-total Child and Family Services					2,053	
Other Property, Plant and Equipment						
ICMS Replacement Program - Stage 1	Various	21,901			14,782	7,119
Information Systems Enhancements	Various				3,095	Ongoing
Information Technology Infrastructure Replacement	Various				851	Ongoing
Office Accommodation	Various				3,977	Ongoing
Sub-total Other Property, Plant and Equipment					22,705	
Total Property, Plant and Equipment					24,758	
TOTAL CHILD SAFETY, YOUTH AND WOMEN (PPE)					24,758	

3.4 COMMUNITIES, DISABILITY SERVICES AND SENIORS

Total capital purchases for the Department of Communities, Disability Services and Seniors are \$20 million in 2019-20. Total capital grants for the portfolio are \$2.7 million. These funds provide for integrated community services and strengthen and protect the well-being of Queenslanders, particularly those who are vulnerable and most in need.

Department of Communities, Disability Services and Seniors

Program Highlights (Property, Plant and Equipment)

- \$10.7 million to continue the upgrade and construction program for neighbourhood and community centres, including: \$3.5 million for building upgrades, improvements and compliance works; \$2.5 million to commence construction of the Thursday Island Community Centre; \$4.1 million to continue design and construction of new neighbourhood and community centres in Bowen, New Farm, Kallangur and Wilsonton; and \$600,000 to purchase land for a new neighbourhood centre planned for Ripley.
- \$2.9 million out of an up to \$3.2 million total spend to construct a new Townsville Women's Centre.
- \$4.1 million to construct the Oasis Townsville, to provide a one-stop shop for support services to ex-Australian Defence Force personnel and families.
- \$2.2 million to continue upgrading, improving and modifying accommodation facilities for people with an intellectual or cognitive disability who exhibit extremely challenging behaviours.

Program Highlights (Capital Grants)

- \$1.9 million towards establishing a community centre in Atherton.
- \$800,000 to complete the Elderly Parent Carer Innovation Initiative project at Maroochydore which is aimed at assisting elderly parent carers to secure accommodation for their adult son or daughter with a disability when they can no longer care for them.

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Communities, Disability Services and Seniors					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF COMMUNITIES, DISABILITY SERVICES AND SENIORS					
Property, Plant and Equipment					
Community Services					
Neighbourhood and Community Centre Upgrades					
General property upgrades	Various			3,480	Ongoing
Neighbourhood and Community Centre Land Acquisition and Construction					
Thursday Island Community Centre	315	4,900	1,100	2,500	1,300
Bowen Neighbourhood Centre	312	2,600	408	892	1,300
New Farm Neighbourhood Centre	305	1,792	250	1,542	
Kallangur Community Centre	314	4,100	730	1,270	2,100
Wilsonton Neighbourhood Centre	317	3,800	429	371	3,000
Ripley Neighbourhood Centre	310	4,100		600	3,500
Townsville Women's Centre	318	3,200	330	2,870	
The Oasis Townsville	318	4,300	200	4,100	
Disability Services					
General property upgrades	Various			2,159	Ongoing
Other Property, Plant and Equipment					
Office accommodation	Various			226	Ongoing
Total Property, Plant and Equipment				<u>20,010</u>	
Capital Grants					
Community Services					
Atherton Community Centre	306	2,050	151	1,899	
Disability Services					
Elderly Parent Carer Innovation Initiative	316	3,803	3,003	800	
Total Capital Grants				<u>2,699</u>	
TOTAL COMMUNITIES, DISABILITY SERVICES AND SENIORS (PPE)				<u>20,010</u>	
TOTAL COMMUNITIES, DISABILITY SERVICES AND SENIORS (CG)				<u>2,699</u>	

3.5 EDUCATION

Total capital purchases for the Education portfolio (including the Department of Education and related entities) are \$1.227 billion in 2019-20. Total capital grants for the portfolio are \$100.1 million in 2019-20.

Department of Education

The 2019-20 capital purchases of \$1.224 billion includes \$1.169 billion for the construction and refurbishment of school educational facilities and early childhood education and care services. Capital works planning targets Government priorities by considering population growth and shifts, changes in educational needs and addressing high-priority needs for student and staff health and safety.

Program Highlights (Property, Plant and Equipment)

- \$479.2 million as part of the \$1.3 billion *Building Future Schools Fund*, to deliver world class learning environments for students.
- \$296.7 million for the provision of additional facilities at existing state schools experiencing faster enrolment growth. This includes \$101.3 million as part of the increased funding of \$251.3 million over three years provided in this Budget.
- \$134.1 million as part of the \$235 million *Renewing Our Schools* program to enhance and upgrade facilities.
- \$78.7 million to replace and enhance facilities at existing schools.
- \$48 million as part of the \$97 million *Advancing Clean Energy in Schools* program to upgrade and install solar and energy efficiency measures in Queensland state schools.
- \$25 million as part of \$100 million of additional funding to augment the existing air-conditioning replacement program.
- \$2.9 million to continue refurbishing and enhancing existing Early Childhood Education and Care facilities.

Program Highlights (Capital Grants)

- \$100.1 million is provided for the non-state schooling sector and student hostels.

Queensland Curriculum and Assessment Authority

The 2019-20 capital purchases of \$3.5 million includes the redevelopment of the Queensland Curriculum and Assessment Authority's (QCAA) information and communication technology systems to support the transition process towards, and fundamental elements of, the new senior assessment system. The new centralised web-based solution will use contemporary technologies to deliver essential business functionality for QCAA and schools that includes:

- access to syllabus documents, along with supporting resources and assessment,
- support for new school-based assessment processes implemented across the State,
- management of external assessment processes (including test development, special provisions for students and marker management and assessment administration),
- management of schools, student enrolments, subject enrolments, student results, vocational education and training registration and results, calculation of subject results and certification processes,
- school access to student performance datasets, and
- student access to curriculum, assessment and results information.

Project	Education				
	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF EDUCATION					
Property, Plant and Equipment					
Capital Works Program					
Education Capital Works Program					
New Inner City North State Secondary College - Stage 1	305	77,907	20,493	56,935	479
New Inner City North State Secondary College - Stage 2	305	31,991		2,389	29,602
New Inner City South State Secondary College - Stage 1 and 2	303	118,146	4,022	33,672	80,452
New Inner City South State Secondary College - External site works and upgrades	303	6,088	894	5,194	
New primary school in Palmview	316	58,021	500	17,332	40,189
New primary school in Pimpama	309	54,180	500	14,848	38,832
New primary school in Ripley - Stage 1	310	41,906	15,374	26,532	

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Education

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
New secondary school in Calliope - Stage 1	308	36,888	16,659	20,229	
New secondary school in Caloundra South	316	83,062	500	23,977	58,585
New secondary school in Coomera - Stage 1	309	53,972	7,712	43,463	2,797
New secondary school in Mango Hill - Stage 1	314	45,533	8,083	37,450	
New secondary school in Palmview - Early works	316	10,335		4,134	6,201
New secondary school in Ripley - Stage 1	310	52,229	18,144	34,085	
New secondary school in Yarrabilba - Stage 1	311	50,731	9,922	40,809	
New special school in Caboolture - Stage 1	313	21,215	7,538	13,677	
New special school in Palmview	316	62,547	500	17,012	45,035
Agnes Water State School - Traffic safety improvements	308	860		860	
Albany Creek State High School - Additional classrooms	314	5,821	3,720	2,101	
Alexandra Hills State High School - Additional classrooms	301	4,061	3,467	594	
Aspley State High School - Refurbishment and upgrade works	302	10,509	116	7,417	2,976
Augusta State School - Additional classrooms	310	5,495	2,901	2,594	
Banksia Beach State School - New carpark	313	830	215	615	
Bardon State School - Covered school pick up area	305	860	430	430	
Baringa State Primary School - Construction of new primary school	316	31,177	29,660	1,517	
Beenleigh Special School - Additional classrooms	311	6,498	945	5,553	
Branyan Road State School - Additional classrooms	319	2,904	1,550	1,354	
Bray Park State High School - Additional classrooms	314	8,000		2,000	6,000

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Bribie Island State High School - Additional classrooms	313	7,645	5,250	2,395	
Brightwater State School - Additional classrooms	316	6,871	4,179	2,692	
Brisbane Central State School - Additional classrooms	305	14,100		3,525	10,575
Broadbeach State School - Additional classrooms	309	7,646	1,110	6,536	
Bucasia State School - Replacement air-conditioning	312	1,054	41	405	608
Buddina State School - Additional classrooms	316	3,000		750	2,250
Bundaberg State High School - Refurbishment and upgrade works	319	10,488	870	7,707	1,911
Burpengary State Secondary College - Additional classrooms	313	10,000		2,750	7,250
Caboolture State High School - Additional classrooms	313	11,610	6,633	4,977	
Caboolture State High School - School enhancement works	313	783		783	
Caboolture State High School - Site renewal including administration extension	313	1,247	20	1,227	
Cairns State High School - Refurbishment and upgrade works	306	10,510	74	10,436	
Cannonvale State School - Additional classrooms, new administration and resource centre	312	8,000		2,000	6,000
Cavendish Road State High School - Additional classrooms	303	8,887	5,614	3,273	
Centenary Heights State High School - Performing arts centre and additional classrooms	317	10,034	9,105	929	
Centenary State High School - Additional classrooms	304	7,645	6,785	860	

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Chancellor State College - Additional classrooms	316	4,582	4,057	525	
Cleveland District State High School - Additional classrooms	301	7,763	6,072	1,691	
Coolum State High School - Additional classrooms under existing building	316	2,580	669	1,911	
Coolum State High School - Additional classrooms	316	5,447	488	4,959	
Corinda State High School - Refurbishment and upgrade works	304	10,508	135	10,373	
Darling Point Special School - Additional classrooms	301	1,000		1,000	
Dirranbandi P-10 State School - Replacement air-conditioning	307	454	89	365	
Eagle Junction State School - Additional classrooms	305	7,900		2,370	5,530
Eagleby South State School - Additional classrooms	311	3,822	575	3,247	
Emerald State High School - Replacement air-conditioning	308	2,430	729	1,701	
Eumundi State School - Additional classrooms	316	7,000		1,535	5,465
Everton Park State High School - Refurbishment and upgrade works	302	10,507	166	8,871	1,470
Fernbrooke State School - Additional classrooms	310	10,200	500	7,000	2,700
Ferny Grove State High School - Additional classrooms	304	17,297	9,863	7,434	
Ferny Grove State High School - Refurbishment and upgrade works	304	10,508	117	7,746	2,645
Forest Lake State High School - Additional classrooms	310	7,932	5,985	1,947	
Gooburrum State School - Additional classrooms	319	3,567	1,337	2,230	
Goodna Special School - Additional classrooms	310	10,500		2,625	7,875

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Griffin State School - Additional classrooms - Stage 3	314	10,034	1,911	8,123	
Griffin State School - Additional classrooms - Stage 4	314	9,270		478	8,792
Hamilton State School - Additional classrooms	305	4,500		1,125	3,375
Harristown State High School - Additional classrooms	317	13,379	11,518	1,861	
Heatley Secondary College - Refurbishment and upgrade works	318	10,510	73	8,215	2,222
Hervey Bay State High School - Performing arts centre and additional classrooms	319	10,000		2,500	7,500
Indooroopilly State High School - Additional classrooms	304	16,246	7,600	8,646	
Indooroopilly State High School - Refurbishment and upgrade works	304	10,510	107	9,251	1,152
Indooroopilly State School - Additional classrooms	304	9,683	6,441	3,242	
Ingham State High School - Replacement air-conditioning	318	2,187	49	2,138	
Inner City South State Secondary College playing fields - Sports field development Stage 1	303	1,911	57	1,854	
Ipswich State High School - Additional classrooms	310	6,700		2,010	4,690
Ironside State School - Additional classrooms	304	580		580	
Ithaca Creek State School - Additional classrooms	305	11,200	560	7,000	3,640
Jamboree Heights State School - Additional classrooms	304	2,500		450	2,050
James Nash State High School - Additional classrooms	319	4,305	3,775	530	
Kallangur State School - Hall extension	314	3,822		1,720	2,102
Kawana Waters State College - Additional classrooms	316	5,008	1,382	3,626	

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Kedron State High School - Additional classrooms	305	5,781	3,673	2,108	
Kedron State School - Additional classrooms	302	5,734	3,556	2,178	
Kelvin Grove State College - New indoor sports facility and additional classrooms	305	3,058	1,113	1,945	
Kelvin Grove State College - New ballet facility and additional classrooms	305	2,676	1,001	1,675	
Kelvin Grove State College - New indoor sports facility - Additional works	305	5,208	821	4,387	
Kelvin Grove State College - Queensland Ballet Academy and associated site works	305	12,710	4,253	8,457	
Kelvin Grove State College - New indoor sports facility	305	8,875	3,509	5,366	
Laidley State High School - Additional classrooms	310	8,123	4,559	3,564	
Lawnton State School - Contribution to new hall	314	2,389		597	1,792
Logan City Special School - Additional classrooms	311	8,625		1,740	6,885
Logan Reserve State School - Additional classrooms	311	3,600		900	2,700
Logan Reserve State School - Utilities upgrade	311	391	2	389	
Lowood State High School - Additional classrooms	310	3,639	3,089	550	
MacGregor State School - Stop drop 'n' go facility	303	737	473	264	
Mackay District Special School - Replacement air-conditioning	312	851	146	705	
Mackenzie State Special School - Additional classrooms	303	3,823	96	956	2,771
Mango Hill State School - New hall	314	5,733		2,102	3,631
Mansfield State School - Additional classrooms	303	7,700		1,500	6,200

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Mansfield State High School - Additional classrooms	303	8,983	4,440	4,543	
Mansfield State High School - Refurbishment and upgrade works	303	10,510	98	6,620	3,792
Maroochydore State High School - Additional classrooms	316	4,921	3,356	1,565	
Marsden State High School - Additional classrooms	311	16,100		4,025	12,075
Maryborough State High School - Refurbishment and upgrade works	319	10,496	620	6,021	3,855
Milton State School - Additional classrooms	305	7,740	490	7,250	
Mitchelton State High School - Refurbishment and upgrade works	304	10,509	125	5,316	5,068
Mitchelton Special School - Additional classrooms	304	5,830	96	956	4,778
Moggill State School - Additional classrooms	304	5,900		1,775	4,125
Moranbah State High School - New hall	312	4,300	303	3,997	
Morayfield State High School - New hall	313	5,733		2,102	3,631
Morningside State School - Additional classrooms	305	5,000		1,500	3,500
Mornington Island State School - Replacement air-conditioning	315	757	28	729	
Mount Cotton State School - New prep and administration building	301	3,440		860	2,580
Mount Gravatt State High School - Additional classrooms	303	4,444	3,393	1,051	
Mount Ommaney Special School - Additional classrooms	304	6,689	3,846	2,843	
Murgon State High School - Construction of new administration building	319	4,300		860	3,440
Murgon State High School - New hall	319	5,734		2,580	3,154

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Murrumba State Secondary College - Additional classrooms	314	12,423	4,569	7,854	
New Farm State School - Additional classrooms	305	13,000		3,250	9,750
Newmarket State School - Additional classrooms	305	4,500		1,350	3,150
North Rockhampton State High School - Refurbish home economics and classroom block	308	2,150	962	1,188	
North Shore State School - Completing construction of new primary school	318	44,418	37,694	6,724	
Northern Beaches State High School - Additional classrooms	318	5,113	2,889	2,224	
Nursery Road State Special School - Additional classrooms	303	8,600		2,150	6,450
One Mile State School - Replacement building	319	2,694	1,188	1,506	
Ormeau State School - Additional classrooms	309	8,744	382	8,281	81
Pacific Pines State High School - Additional classrooms	309	6,993	3,249	3,744	
Pallara State School - Additional classrooms	303	7,000		700	6,300
Palm Beach Currumbin State High School - Additional classrooms	309	10,498	8,262	2,236	
Parkhurst State School - Additional classrooms	308	5,700		1,600	4,100
Peregian Springs State School - Additional classrooms	316	6,500		1,625	4,875
Petrie Terrace State School - Additional classrooms	305	1,000		300	700
Pimpama State Primary College - Additional classrooms	309	5,543	1,689	3,854	
Pimpama State School - Additional classrooms	309	6,585	3,466	3,119	

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Pine Rivers Special School - Additional classrooms	314	9,700		2,000	7,700
Proserpine State High School - Additional classrooms	312	7,338	6,000	1,338	
Proserpine State High School - Refurbishment and upgrade works	312	10,509	90	7,558	2,861
Pumicestone State School - Additional classrooms	313	10,000		2,500	7,500
Queensland Academy for Science Mathematics and Technology - Additional classrooms - Stage 2 and 3	305	25,802	8,720	17,082	
Ravenswood State School - Relocation of school	318	8,027	3,723	4,304	
Redland District Special School - Additional classrooms	301	9,000		2,700	6,300
Redlynch State College - Additional classrooms	306	8,400		2,100	6,300
Richlands East State School - Additional classrooms	310	3,489	2,642	847	
Rochedale State High School - Additional classrooms	303	4,826	3,975	851	
Roma State College - Middle Campus - Replacement air-conditioning	307	2,107	122	1,985	
Runcorn Heights State School - Additional classrooms	303	6,500		600	5,900
Sarina State High School - Refurbishment and upgrade works	312	10,508	134	2,389	7,985
Shailer Park State High School - Additional classrooms	311	8,185		1,750	6,435
Southport State High School - Additional classrooms	309	10,417	8,326	2,091	
Springfield Central State High School - New multi-purpose hall	310	7,735	5,082	2,653	
Springfield Central State High School - Additional classrooms	310	10,100		2,525	7,575

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Springwood State High School - Refurbishment and upgrade works	311	10,508	136	8,119	2,253
St George State High School - Replacement air-conditioning	307	2,107	1,418	689	
St George State School - Replacement air-conditioning	307	1,297	770	527	
Stretton State College - Additional classrooms - secondary campus	303	7,167	4,656	2,511	
Stretton State College - Additional classrooms - primary campus	303	11,945	8,335	3,610	
Stretton State College - Additional classrooms	303	9,500		2,850	6,650
Sunnybank Hills State School - Additional classrooms	303	10,034	4,247	5,787	
Sunshine Beach State High School - Additional classrooms	316	7,537	2,302	5,235	
Tamborine Mountain State High School - Additional classrooms	309	9,939	5,695	4,244	
The Gap State High School - Additional classrooms	304	5,600		1,400	4,200
The Willows State School - Security fence	318	616		616	
Toolooa State High School - Additional classrooms	308	4,635	2,764	1,871	
Toowong State School - Additional classrooms	305	5,000		1,250	3,750
Toowoomba East State School - Replace amenities	317	1,434		717	717
Toowoomba State High School - Refurbishment and upgrade works	317	10,509	104	5,699	4,706
Trinity Bay State High School - Additional classrooms	306	9,078	5,440	3,638	
Tropical North Learning Academy - Smithfield State High School - Refurbishment and upgrade works	306	10,507	186	10,246	75

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Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Tropical North Learning Academy - Smithfield State High School - Additional classrooms	306	7,000		1,750	5,250
Tropical North Learning Academy - Trinity Beach State School - Refurbishment and upgrade works	306	10,511	58	10,453	
Victoria Plantation State School - Replacement air-conditioning	318	380	28	352	
Victoria Point State High School - Hall extension	301	1,911		860	1,051
Warrigal Road State School - Additional classrooms	303	6,200		1,550	4,650
West End State School - Additional classrooms - Stage 1	305	22,357	1,737	18,830	1,790
West End State School - Additional classrooms - Stage 2	305	25,426	96	3,651	21,679
Windaroo Valley State High School - Additional classrooms	311	3,822	3,568	254	
Windsor State School - Additional classrooms	305	7,568	200	1,500	5,868
Wishart State School - Additional classrooms	303	5,500	315	3,985	1,200
Woodford State School - Refurbish learning spaces	313	956		478	478
Wyreema State School - Additional classrooms	317	5,100		1,275	3,825
Yeppoon State High School - Additional classrooms	308	4,869	3,393	1,476	
Yeronga State High School - Upgrades and enhancement works	303	1,911		860	1,051
Advancing Clean Energy Schools	Various	97,000	3,000	48,000	46,000
General and minor works	Various			80,027	Ongoing
Land acquisition	Various			74,000	Ongoing

Capital Statement 2019-20

Education					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
School Infrastructure Enhancement - Capital contribution	Various			25,000	Ongoing
Priority air-conditioning in state schools	Various	100,000		25,000	75,000
School Subsidy Scheme	Various			6,689	Ongoing
Public Private Partnerships	Various			1,433	Ongoing
Sub-total Education Capital Works Program				<u>1,166,283</u>	
Early Childhood Education and Care Capital Works Program					
Tara Shire State College - Early years service	307	3,887	3,330	557	
General and minor works	Various			2,334	Ongoing
Sub-total Early Childhood Education and Care Capital Works Program				<u>2,891</u>	
Sub-total Capital Works Program				<u>1,169,174</u>	
Plant and Equipment					
Education plant and equipment	Various			52,028	Ongoing
Office of Industrial Relations plant and equipment	Various			2,646	Ongoing
Sub-total Plant and Equipment				<u>54,674</u>	
Total Property, Plant and Equipment				<u>1,223,848</u>	
Capital Grants					
Capital grants	Various			100,098	Ongoing
Total Capital Grants				<u>100,098</u>	
QUEENSLAND CURRICULUM AND ASSESSMENT AUTHORITY					
Property, Plant and Equipment					
Student management system	305	4,476	4,022	454	
Endorsed assessment system	305	1,640	1,569	71	
Confirmation system	305	1,408	733	675	
External assessment system	305	966	400	566	
QCAA portal	305	2,107	741	1,366	
Other plant and equipment	305			356	Ongoing
Total Property, Plant and Equipment				<u>3,488</u>	
TOTAL EDUCATION (PPE)				<u>1,227,336</u>	
TOTAL EDUCATION (CG)				<u>100,098</u>	

3.6 ELECTORAL COMMISSION OF QUEENSLAND**Electoral Commission of Queensland**

\$1.8 million of a total \$7.5 million is allocated in 2019-20 to replace the Electoral Commission of Queensland's strategic election management system. A further \$79,000 is allocated to replace plant and equipment.

Electoral Commission of Queensland					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
ELECTORAL COMMISSION OF QUEENSLAND					
Property, Plant and Equipment					
Plant and equipment	305			79	Ongoing
Strategic election management system replacement project	305	7,459	5,613	1,846	
Total Property, Plant and Equipment				<u>1,925</u>	
TOTAL ELECTORAL COMMISSION OF QUEENSLAND (PPE)				<u>1,925</u>	

3.7 EMPLOYMENT, SMALL BUSINESS AND TRAINING

Total capital purchases for the Employment, Small Business and Training portfolio, including TAFE Queensland, are \$129 million in 2019-20.

Department of Employment, Small Business and Training

The 2019-20 capital purchases for the Department of Employment, Small Business and Training of \$105.8 million includes \$58.9 million to refurbish and expand training facilities across several TAFE training sites and regions as part of the long-term plan to revitalise the state's infrastructure portfolio. The capital program also includes a further \$46.9 million as part of the Annual Training Infrastructure Program to renew and refurbish Queensland's statewide training assets.

Program Highlights (Property, Plant and Equipment)

- \$58.9 million to refurbish and expand TAFE training facilities. This includes \$15 million for Mount Gravatt, \$15 million for the Gold Coast region, \$10 million for Alexandra Hills, \$13.9 million for the continuation of Pimlico and \$5 million for the continuation of Toowoomba.
- \$25 million for a safety and compliance program at TAFE facilities across the State.
- \$21.9 million to renew and refurbish Queensland's statewide training assets to enable delivery of priority skills training that supports workforce and economic development.

Capital Statement 2019-20

Employment, Small Business and Training					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF EMPLOYMENT, SMALL BUSINESS AND TRAINING					
Property, Plant and Equipment					
Alexandra Hills TAFE	301	10,000		10,000	
Gold Coast TAFE	309	15,000		15,000	
Mount Gravatt TAFE	303	15,000		15,000	
Pimlico TAFE	318	31,920	18,000	13,920	
Toowoomba TAFE	317	7,028	2,000	5,028	
Annual Training Infrastructure Program					
Safety and compliance	Various	25,000		25,000	
Renewal and growth	Various			21,891	Ongoing
Total Property, Plant and Equipment				<u>105,839</u>	
TAFE QUEENSLAND					
Property, Plant and Equipment					
Training facility upgrade and fit outs	Various	850		850	
Training and operational equipment acquisition, replacement and modernisation	Various			9,250	Ongoing
Product development	Various			2,000	Ongoing
One Network	Various			4,481	Ongoing
Identity Access Management build	Various	1,050		1,050	
Contact Centre technology refresh	Various	780		780	
Human resources payroll and time attendance system implementation	Various			1,200	Ongoing
E-Learning projects	Various	2,850		1,000	1,850
Information and communications technology program of work	Various			2,500	Ongoing
Total Property, Plant and Equipment				<u>23,111</u>	
TOTAL EMPLOYMENT, SMALL BUSINESS AND TRAINING (PPE)				<u><u>128,950</u></u>	

3.8 ENVIRONMENT AND SCIENCE

The Environment and Science portfolio, including its statutory bodies and shared service provider, has a capital program of \$119.6 million in 2019-20.

Department of Environment and Science

In 2019-20, the capital program for the Department of Environment and Science is \$106.2 million, including capital grants of \$5.6 million. The capital program reflects the department's ongoing contribution to the protection and sustainable use of Queensland's environment and natural, cultural and heritage values as well as supporting and investing in the science and arts sectors. The Government will also hold centrally \$9.5 million to support the acquisition of land to be added to Queensland's Protected Area Estate and \$5.5 million over four years for protected area expansion and construction of a long-term ranger base on North Stradbroke Island (Minjerribah).

Program Highlights (Property, Plant and Equipment)

- \$10 million to extend the Revitalising National Parks program.
- \$9.1 million to renew and replace critical infrastructure items across the Queensland Cultural Centre.
- \$8.5 million for priority infrastructure projects across State-owned arts and cultural facilities, delivered through the Arts Infrastructure Investment Fund.
- \$7.5 million towards the redevelopment of the Mon Repos Turtle Centre.
- \$6.7 million to support ecotourism opportunities and tourism recovery in the Whitsunday Islands National Park.
- \$5.2 million towards the construction of a new performing arts venue at the Queensland Performing Arts Centre.
- \$4.4 million to implement sustainability and energy efficiency measures at the Queensland Cultural Centre.
- \$3.8 million to enhance critical infrastructure to support tourism activities at Glass House Mountains National Park, Noosa National Park and D'Aguilar National Park.
- \$3.5 million under the Accelerating Science Delivery Innovation Program, to modernise systems to enhance our environmental science capability.
- \$3.2 million to renew and replace large critical infrastructure items at the Queensland Performing Arts Centre.

- \$3.1 million towards the replacement of major vessels for marine parks management.
- \$2.4 million under the Growth Area and Regional Infrastructure Investment Fund, to upgrade visitor access to the Magnetic Island Fort Complex.
- \$1.7 million for enhanced parks and forests fire management.

Program Highlights (Capital Grants)

- \$4 million towards the construction of the new Rockhampton Art Gallery.
- \$1.5 million towards restoration works on heritage buildings.

Library Board of Queensland

The Library Board of Queensland will invest \$2.3 million to purchase heritage and reference collections, intangible assets in the form of digital collections, and replace information technology equipment.

Program Highlights (Property, Plant and Equipment)

- \$900,000 to replace information technology equipment.
- \$595,000 to acquire new items for the digital collection.
- \$349,000 to acquire new items for the information collection.
- \$465,000 to acquire new items for the heritage collection.

Queensland Art Gallery

The Queensland Art Gallery will invest \$2.8 million in acquiring art for the gallery's collection, as well as life-cycle replacement of other property, plant and equipment assets.

Program Highlights (Property, Plant and Equipment)

- \$2.5 million to acquire art for the gallery's collection.
- \$300,000 to replace other property, plant and equipment.

Queensland Performing Arts Trust

The Queensland Performing Arts Trust will invest \$1 million in the life-cycle replacement of operational property, plant and equipment assets such as theatre equipment and food and beverage equipment.

Queensland Museum

The Queensland Museum will invest \$7.3 million to expand the research and biodiversity collection storage centre, replace information technology assets and acquire new equipment.

Program Highlights (Property, Plant and Equipment)

- \$6.7 million to deliver an expanded research and biodiversity collection storage centre.
- \$608,000 primarily for the life-cycle replacement of information technology assets and upgrades across the museum network.

Environment and Science

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF ENVIRONMENT AND SCIENCE					
Property, Plant and Equipment					
Buildings and infrastructure					
Revitalising National Parks stage 2	Various			10,000	Ongoing
Mon Repos Turtle Centre redevelopment	319	21,110	13,593	7,517	
Whitsunday Islands National Park	312	12,481	5,790	6,691	
Magnetic Island Fort Complex visitor access upgrade	318	2,350		2,350	
D'Aguilar National Park	314	3,000	832	2,168	
Cape York - recreation, visitor, management and access facilities	315			1,386	Ongoing
Glass House Mountains National Park	316	3,373	2,148	1,225	
Naree Budjong Djara National Park - North Stradbroke Island (Minjerribah)	301			679	Ongoing
East Trinity infrastructure upgrade	306	2,750		640	2,110
Moggill Koala Hospital upgrade	304	816		516	300
Noosa National Park	316	2,490	2,087	403	

Capital Statement 2019-20

Environment and Science

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Management and access facilities - parks and forests	Various			7,672	Ongoing
Recreation and visitor facilities - parks and forests	Various			6,360	Ongoing
Queensland Cultural Centre critical infrastructure asset renewal	305	15,370	850	9,050	5,470
Arts Infrastructure Investment Fund	Various	16,488	5,499	8,489	2,500
New Performing Arts Venue	305	150,000	890	5,210	143,900
Queensland Cultural Centre - future energy efficiency	305	9,000	555	4,395	4,050
Critical infrastructure asset renewal and equipment replacement at QPAC	305	3,300	120	3,180	
Queensland Cultural Centre - critical infrastructure works program	305	23,575	23,177	398	
Plant and equipment					
General plant and equipment	Various			6,838	Ongoing
Marine parks major vessel replacements	Various	9,910	5,865	3,075	970
Parks and forests fire management	Various	6,800		1,700	5,100
Systems development					
General systems development	Various			4,953	Ongoing
Accelerating Science Delivery Innovation Program	Various	4,805	405	3,450	950
Land					
Protected area land acquisitions	Various	1,804		1,804	
Cape York Peninsula land acquisitions	315	500		500	
Total Property, Plant and Equipment				100,649	
Capital Grants					
New Rockhampton Art Gallery	308	8,000		4,000	4,000
Restoration of heritage buildings	Various	5,783		1,500	4,283
Queensland Maritime Museum	305	308	223	85	
Total Capital Grants				5,585	

Capital Statement 2019-20

Environment and Science

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
LIBRARY BOARD OF QUEENSLAND					
Property, Plant and Equipment					
Information technology equipment replacements	305			900	Ongoing
Digital collection additions	305			595	Ongoing
Information collection additions	305			349	Ongoing
Heritage collection additions	305			465	Ongoing
Total Property, Plant and Equipment				2,309	
QUEENSLAND ART GALLERY					
Property, Plant and Equipment					
Acquisition of art works for the gallery	305			2,500	Ongoing
Ongoing replacement of plant and equipment	305			300	Ongoing
Total Property, Plant and Equipment				2,800	
QUEENSLAND PERFORMING ARTS TRUST					
Property, Plant and Equipment					
Property, plant and equipment	305			1,000	Ongoing
Total Property, Plant and Equipment				1,000	
QUEENSLAND MUSEUM					
Property, Plant and Equipment					
Critical maintenance and infrastructure works	305	9,652		6,655	2,997
Information technology	Various			608	Ongoing
Equipment	305			10	Ongoing
Total Property, Plant and Equipment				7,273	
TOTAL ENVIRONMENT AND SCIENCE (PPE)				114,031	
TOTAL ENVIRONMENT AND SCIENCE (CG)				5,585	

3.9 HOUSING AND PUBLIC WORKS

Total capital purchases for the Housing and Public Works portfolio, including its statutory bodies, are \$665.5 million in 2019-20, with capital grants of \$152.5 million. Capital purchases for the statutory bodies include Stadiums Queensland of \$56.3 million and the Residential Tenancies Authority of \$1.2 million.

Department of Housing and Public Works

Program Highlights (Property, Plant and Equipment)

- \$324.2 million (including \$11.1 million from the expired National Partnership on Remote Housing) to deliver 497 social housing dwellings, commence construction of 581 social housing dwellings (including 580 under the Housing Construction Jobs Program) and upgrade existing social housing dwellings.
- \$63.3 million for social housing in Aboriginal and Torres Strait Islander communities (including \$5.3 million from the expired National Partnership on Remote Housing) to deliver 19 social housing dwellings, commence construction of 10 social housing dwellings, upgrade existing social housing and purchase three dwellings for use as temporary accommodation to support the transfer of social housing to home ownership on Aboriginal and Torres Strait Islander land.
- \$102.8 million to complete construction of the North Queensland Stadium, in time for the 2020 National Rugby League (NRL) Premiership Season.
- \$51.8 million for a capital and upgrade program to deliver safe and secure government employee housing in regional and remote locations across the State, including Aboriginal and Torres Strait Islander communities, thereby enabling police, teachers, medical professionals and associated government employees to deliver critical frontline services to the people of Queensland. This includes the completion of the government employee housing precinct at Aurukun providing 24 residences for Department of Education staff.
- \$21.6 million to enhance existing State-owned sport and active recreation facilities at the Gold Coast, Sunshine Coast and Townsville, to deliver quality experiences that inspire physical activity.

Program Highlights (Capital Grants)

- \$30.5 million to deliver 49 social housing dwellings, commence construction of 27 social housing dwellings (including 20 under the Housing Construction Jobs Program) and commence construction of four dwellings for a domestic and family violence shelter.

- \$53.1 million for social housing in Aboriginal and Torres Strait Islander communities to deliver 10 social housing dwellings, commence construction of 15 social housing dwellings, undertake infrastructure development, upgrade existing social housing and undertake upgrades to support the transfer of social housing to home ownership on Aboriginal and Torres Strait Islander land.
- \$46.4 million for new and existing capital grants programs to build, upgrade and improve sport and recreation infrastructure to support healthy communities. This funding includes programs designed to boost community use of schools, and to support female participation through new and upgraded female facilities.
- \$22.4 million in 2019-20 to support sport and recreation clubs at the grassroots level through the continued delivery of infrastructure projects including the Underwood Sports Park, the University of the Sunshine Coast Stadium and the Zillmere Sports Centre.

CITEC

CITEC has capital purchases of \$3.3 million in 2019-20, comprising \$2 million for hardware replacement and \$1.3 million for critical software enhancements relating to information brokerage.

Queensland Shared Services

Queensland Shared Services has capital purchases of \$2.6 million in 2019-20, including \$2.5 million to implement a Human Capital Management solution and other optimisation projects and initiatives.

Stadiums Queensland

Stadiums Queensland's 2019-20 capital outlay of \$56.3 million represents the capital funding available to Stadiums Queensland to contribute towards maintaining Queensland's major sporting and entertainment facilities to a standard appropriate to host national and international events, and community sports activity. This includes \$35 million towards the refurbishment of the Gabba.

Residential Tenancies Authority

Residential Tenancies Authority has capital purchases of \$1.2 million in 2019-20 to implement strategic projects to improve effectiveness and efficiency in delivering services for the residential rental sector.

Capital Statement 2019-20

Housing and Public Works

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF HOUSING AND PUBLIC WORKS					
Property, Plant and Equipment					
Housing and Homelessness Services					
Construct social housing					
Brisbane - East	301			531	Ongoing
Brisbane - North	302			10,911	Ongoing
Brisbane - South	303			9,665	Ongoing
Brisbane - West	304			4,171	Ongoing
Brisbane Inner City	305			15,430	Ongoing
Cairns	306			34,465	Ongoing
Central Queensland	308			8,908	Ongoing
Gold Coast	309			31,353	Ongoing
Ipswich	310			18,718	Ongoing
Logan - Beaudesert	311			18,685	Ongoing
Mackay	312			1,648	Ongoing
Moreton Bay - North	313			6,448	Ongoing
Moreton Bay - South	314			5,478	Ongoing
Queensland - Outback	315			18,098	Ongoing
Sunshine Coast	316			11,308	Ongoing
Toowoomba	317			2,516	Ongoing
Townsville	318			15,964	Ongoing
Wide Bay	319			1,491	Ongoing
Sub-total Construct social housing				215,788	
Upgrade existing social housing					
Brisbane - East	301			1,801	Ongoing
Brisbane - North	302			601	Ongoing
Brisbane - South	303			2,020	Ongoing
Brisbane - West	304			350	Ongoing
Brisbane Inner City	305			1,580	Ongoing
Cairns	306			23,759	Ongoing
Darling Downs - Maranoa	307			670	Ongoing
Central Queensland	308			2,636	Ongoing
Gold Coast	309			1,970	Ongoing
Ipswich	310			2,511	Ongoing
Logan - Beaudesert	311			2,274	Ongoing
Mackay	312			2,100	Ongoing
Moreton Bay - North	313			2,050	Ongoing
Moreton Bay - South	314			574	Ongoing
Queensland - Outback	315			18,247	Ongoing

Capital Statement 2019-20

Housing and Public Works

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Sunshine Coast	316			7,690	Ongoing
Toowoomba	317			5,530	Ongoing
Townsville	318			4,252	Ongoing
Wide Bay	319			5,281	Ongoing
Statewide	Various			33,804	Ongoing
Sub-total Upgrade existing social housing				119,700	
Purchase of existing properties					
Queensland - Outback	315			650	Ongoing
Statewide	Various			2,500	Ongoing
Sub-total Purchase of existing properties				3,150	
Social housing land aquisition					
Brisbane - South	303			4,250	Ongoing
Gold Coast	309			8,829	Ongoing
Ipswich	310			12,000	Ongoing
Logan - Beaudesert	311			8,000	Ongoing
Moreton Bay - North	313			3,000	Ongoing
Sunshine Coast	316			11,325	Ongoing
Toowoomba	317			1,000	Ongoing
Statewide	Various			500	Ongoing
Sub-total Social housing land aquisition				48,904	
Other plant and equipment	Various			8,100	Ongoing
Sub-total Housing and Homelessness Services				395,642	
Sport and recreation					
Sport and recreation - Queensland recreation centres	Various			5,647	Ongoing
Queensland Active Precincts	Various	40,000		16,000	24,000
Sub-total Sport and recreation				21,647	
Public Works					
Brisbane - Boggo Road precinct redevelopment	303	42,067	39,191	2,876	
Building works and capital replacements	Various			500	Ongoing
Government employee housing	Various			46,445	Ongoing
Government employee housing construction - Aurukun	315	22,600	17,289	5,311	

Capital Statement 2019-20

Housing and Public Works

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Brisbane - Thomas Dixon Centre refurbishment	305	13,500		13,500	
North Queensland Stadium	318	292,417	187,873	102,753	1,791
Office Accommodation Program	Various			10,000	Ongoing
Other property, plant and equipment	Various			3,347	Ongoing
Sub-total Public Works				184,732	
Total Property, Plant and Equipment				602,021	
Capital Grants					
Housing and Homelessness Services					
Brisbane - South	303			5,000	Ongoing
Brisbane Inner City	305			1,737	Ongoing
Cairns	306			42,066	Ongoing
Central Queensland	308			149	Ongoing
Logan - Beaudesert	311			6,298	Ongoing
Moreton Bay - North	313			8,682	Ongoing
Queensland - Outback	315			4,839	Ongoing
Townsville	318			2,098	Ongoing
Wide Bay	319			7,751	Ongoing
Statewide	Various			5,059	Ongoing
Sub-total Housing and Homelessness Services				83,679	
Sport and Recreation					
Get Playing Plus	Various	39,724	34,724	5,000	
Get Playing Places and Spaces	Various	28,410	17,690	7,165	3,555
Female Facilities Program	Various	15,000	8,000	7,000	
Various capital grants	Various			8,250	Ongoing
Grant funding boost	Various	7,282	2,832	4,450	
Zillmere Sports Centre	302	5,500	400	5,100	
Underwood Sports Park	311	9,110	1,055	8,055	
University of the Sunshine Coast Stadium	316	8,050	6,050	2,000	
Whitsunday Sports Park	312	2,100	105	1,995	
Camilleri Street	312	1,000	200	800	
Community infrastructure solutions	Various	50,000		15,000	35,000
Community use of schools	Various	15,000		4,000	11,000
Sub-total Sport and Recreation				68,815	
Total Capital Grants				152,494	

Capital Statement 2019-20

Housing and Public Works

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
CITEC					
Property, Plant and Equipment					
Hardware replacement - information and communications technology	305			2,000	Ongoing
Software enhancements - information brokerage	305			1,300	Ongoing
Total Property, Plant and Equipment				3,300	
QUEENSLAND SHARED SERVICES					
Property, Plant and Equipment					
Asset replacement	305			100	Ongoing
Optimisation projects and initiatives	305			2,500	Ongoing
Total Property, Plant and Equipment				2,600	
STADIUMS QUEENSLAND					
Property, Plant and Equipment					
Annual capital program	Various			17,847	Ongoing
Safe, secure sporting and entertainment facilities	Various	8,300	4,800	3,500	
Gabba refurbishment	303	35,000		35,000	
Total Property, Plant and Equipment				56,347	
RESIDENTIAL TENANCIES AUTHORITY					
Property, Plant and Equipment					
Software enhancement	305	803		803	
Hardware replacement	305	397		397	
Total Property, Plant and Equipment				1,200	
TOTAL HOUSING AND PUBLIC WORKS (PPE)				665,468	
TOTAL HOUSING AND PUBLIC WORKS (CG)				152,494	

3.10 INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES

Department of Innovation, Tourism Industry Development and the Commonwealth Games

Total capital grants for the Innovation, Tourism Industry Development and the Commonwealth Games portfolio are \$93.4 million for 2019-20.

Program Highlights (Capital Grants)

- \$23.1 million under the Great Barrier Reef Island Resorts Rejuvenation Program to help industry rejuvenate the Great Barrier Reef island resorts and offer world-class experiences to visitors.
- \$19.9 million under the Growing Tourism Infrastructure Fund, which is an element of the Queensland Government's economic development agenda to build resilient businesses, regions and communities by creating sustainable new jobs and increasing visitor expenditure through investment in tourism infrastructure.
- \$16.4 million under the Great Keppel Island Rejuvenation Pilot to stimulate major tourism redevelopment through common user infrastructure.
- \$14.4 million under the Attracting Tourism Fund to position Queensland as Australia's leading tourism destination by delivering landmark new tourism products and projects.
- \$3.8 million under the Connecting with Asia initiative to grow tourism and make Queensland the destination of choice for Asian travellers by developing new tourism products and projects.
- \$3.4 million under the Outback Tourism Infrastructure Fund, which is an element of the Queensland Government's economic development agenda to build resilient businesses, regions and communities by creating sustainable new jobs and increasing visitor expenditure through investment in tourism infrastructure.
- \$3.4 million under the Whitsundays Cyclone Debbie Tourism Recovery Fund, jointly funded by the Australian and Queensland Governments, to help the tourism sector recover following the devastating impact of ex-Tropical Cyclone Debbie to the Whitsunday region in March 2017.
- \$2.9 million to the Mowbray North section of the Wangetti Trail, which is part of the State's first purpose-built, multi-day walking and mountain bike trail with public and eco-accommodation facilities.

- \$1.9 million to create a Queensland Government owned entity called FibreCo, charged with implementing the Government's election commitment to unlock spare capacity in the Queensland government-owned fibre network.
- \$1.7 million to the Australian Workers Heritage Centre Barcaldine for the development of a purpose designed entry building, café, retail outlet, children's activity area, rest room facilities, disabled parking and environmental utilities.
- \$1.5 million to finalise Gold Coast 2018 Commonwealth Games venue projects. This includes finalising the infrastructure designation for the clay target range at the Belmont Shooting Centre and finalising Commonwealth Games venue contract financial closures.
- \$1 million to develop the Museum of Underwater Art, an underwater tourist attraction, by installing underwater statues at marine sites near Townsville as part of the Jobs and Regional Growth Fund.

Innovation, Tourism Industry Development and the Commonwealth Games

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES					
Capital Grants					
Great Barrier Reef Island Resorts Rejuvenation Program	Various	23,498		23,055	443
Growing Tourism Infrastructure Fund	Various	31,581	100	19,916	11,565
Great Keppel Island Rejuvenation Pilot	308	22,314	770	16,374	5,170
Attracting Tourism Fund	Various	14,416		14,416	
Advance Queensland - Connecting with Asia	Various	3,800		3,800	
Outback Tourism Infrastructure Fund	315	9,300	1,150	3,414	4,736
Whitsundays Cyclone Debbie Tourism Recovery Fund	312	4,020	654	3,366	
Mowbray North section of the Wangetti Trail	306	5,738	820	2,918	2,000
FibreCo	315	1,900		1,900	
Australian Workers Heritage Centre	315	2,200	500	1,700	
Museum of Underwater Art	318	2,000	1,000	1,000	
Belmont Shooting Centre	301	18,645	17,662	983	
Other Games Projects	309	168,641	168,078	563	
Total Capital Grants				93,405	
				93,405	
TOTAL INNOVATION, TOURISM INDUSTRY DEVELOPMENT AND THE COMMONWEALTH GAMES (CG)				93,405	

3.11 JUSTICE AND ATTORNEY-GENERAL

The 2019-20 capital acquisitions budget for Justice and Attorney-General (including the Department of Justice and Attorney-General, Public Trustee of Queensland, Legal Aid Queensland and the Crime and Corruption Commission) is \$77.5 million.

Department of Justice and Attorney-General

The Department of Justice and Attorney-General capital acquisitions budget for 2019-20 of \$48.3 million will primarily focus on the upgrade of courthouses, the expansion and upgrade of the existing audio-visual capacity in the justice system, the implementation of an online Blue Card application system and a program of minor works in courthouses.

Program Highlights (Property, Plant and Equipment)

- \$3.1 million of \$12 million to complete the upgrade to the Rockhampton Courthouse.
- \$7 million of \$11 million to complete the upgrade to the Beenleigh Courthouse.
- \$3.5 million of \$9 million to complete the upgrade to the Townsville Courthouse.
- \$8.3 million of \$9.8 million to implement an online Blue Card application system.
- \$11.6 million to continue the ongoing program of minor works in courthouses.
- \$8.9 million to expand and upgrade existing audio-visual capacity in the justice system, which includes video conferencing and in-custody court appearances.

Public Trustee of Queensland

During 2019-20 the capital acquisitions budget is \$22.1 million. This capital expenditure will enable the Public Trust Office to continue to provide a wide range of efficient services to the Queensland community, as well as continuing to maintain appropriate workplace health and safety standards for clients and staff. In addition it will support the delivery of the digital business transformation program of works.

Program Highlights (Property, Plant and Equipment)

- \$3.6 million to refurbish existing head office premises and improve building facilities.
- \$4.5 million to upgrade office fit-outs and invest in computer hardware to manage the upgrade of telecommunications and data networks.
- \$14 million to invest in digitisation projects and the business transformation program of works.

Legal Aid Queensland

Legal Aid Queensland's 2019-20 capital acquisitions budget is \$2.8 million. An investment of \$1.8 million will be made in major property, plant and equipment projects, including the refurbishment of the Mount Isa office and Brisbane leasehold refurbishments.

A further \$283,000 will be invested to replace some motor vehicles and \$550,000 will be invested in replacing multifunctional devices.

Crime and Corruption Commission

The Crime and Corruption Commission's 2019-20 capital acquisitions budget is \$4.3 million.

Program Highlights (Property, Plant and Equipment)

- \$1.7 million to replace computer and other information technology equipment.
- \$794,000 to continue to develop a new Integrated Case Management System.
- \$700,000 to replace vehicles.

Justice and Attorney-General

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL					
Property, Plant and Equipment					
Rockhampton Courthouse upgrade	308	12,000	8,900	3,100	
Beenleigh Courthouse upgrade	311	11,000	4,000	7,000	
Townsville Courthouse upgrade	318	9,000	5,530	3,470	
Implementation of online Blue Card application system	305	9,790	1,486	8,304	
Courthouses, minor capital works	Various			11,637	Ongoing
Expansion and upgrade of existing audio visual capacity in the justice system	Various			8,917	Ongoing
Minor capital works - software	305			2,127	Ongoing
Leasehold improvements	Various			1,908	Ongoing
Queensland Courts Information Systems	305			945	Ongoing
Other acquisitions of property, plant and equipment	Various			931	Ongoing
Total Property, Plant and Equipment				48,339	

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Justice and Attorney-General

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
PUBLIC TRUSTEE OF QUEENSLAND					
Property, Plant and Equipment					
Building improvements - head office	305			3,603	Ongoing
Plant and equipment upgrades	Various			4,461	Ongoing
Business transformation program of works and digital projects	305			14,044	Ongoing
Total Property, Plant and Equipment				<u>22,108</u>	
LEGAL AID QUEENSLAND					
Property, Plant and Equipment					
Mt Isa office refurbishment	315	546		546	
Brisbane leasehold refurbishments	305	896		896	
Miscellaneous refurbishment works	305	410	35	375	
Building management system	305	145		145	
Motor vehicle replacements	305	473	190	283	
Multifunctional device replacements	305	550		550	
Total Property, Plant and Equipment				<u>2,795</u>	
CRIME AND CORRUPTION COMMISSION					
Property, Plant and Equipment					
Computer and other equipment	305	1,730		1,730	
Computer software	305	1,754		1,754	
Vehicle replacements	305	700		700	
Leasehold improvements	305	105		105	
Total Property, Plant and Equipment				<u>4,289</u>	
TOTAL JUSTICE AND ATTORNEY-GENERAL (PPE)				<u>77,531</u>	

3.12 LEGISLATIVE ASSEMBLY OF QUEENSLAND**Legislative Assembly of Queensland**

The total planned 2019-20 capital expenditure for the Legislative Assembly of Queensland is \$6.8 million. Major capital projects within the parliamentary precinct include the upgrade of critical building infrastructure and services supporting the Parliamentary Annexe, the restoration and upgrade of the Parliament House heritage fence, and ongoing replacement of core information technology and audio visual system infrastructure. In 2019-20, an ongoing electorate office relocation program will continue to address changes arising from the 2017 Electoral Boundary Redistribution and other compliance and risk issues.

Project	Legislative Assembly of Queensland		Total	Expenditure	Budget	Post
	Statistical		Estimated	to	2019-20	2019-20
	Area		Cost	30-06-19	\$'000	\$'000
LEGISLATIVE ASSEMBLY OF QUEENSLAND						
Property, Plant and Equipment						
Critical infrastructure and services upgrade program	305		14,493		3,412	11,081
Electorate office accommodation program	Various				1,000	Ongoing
Parliament House fence upgrade and restoration	305				1,000	Ongoing
Information technology network infrastructure	305				500	Ongoing
Parliamentary precinct audio visual infrastructure	305				120	Ongoing
Other property, plant and equipment	305				800	Ongoing
Total Property, Plant and Equipment					6,832	
TOTAL LEGISLATIVE ASSEMBLY OF QUEENSLAND (PPE)					6,832	

3.13 LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS

Department of Local Government, Racing and Multicultural Affairs

The Department of Local Government, Racing and Multicultural Affairs has capital purchases of \$2.8 million and capital grants of \$159.5 million in 2019-20.

Program Highlights (Property, Plant and Equipment)

- \$1.7 million to safeguard the security of the Northern Peninsula Area water supply system through the replacement of existing asbestos cement pipelines.
- \$1.1 million to develop a new grants management system to improve and simplify the administration of grants to local government.

Program Highlights (Capital Grants)

- \$50 million as part of the \$600 million Works for Queensland program to support local governments in regional Queensland undertake job-creating maintenance and minor infrastructure works.
- \$29.4 million for the Local Government Grants and Subsidies Program which provides funding for priority infrastructure projects to meet identified community needs and to support projects that will enhance sustainable and liveable communities.
- \$28.8 million as part of the \$120 million Indigenous Councils Critical Infrastructure Program to support Indigenous councils to implement projects and infrastructure works relating to critical water, wastewater and solid waste assets, and provide a basis for the long-term strategic management of essential assets.
- \$15 million as part of \$20 million in total funding to continue coastal inundation mitigation works on five outer Torres Strait Islands, which will protect infrastructure and communities on these islands from rising sea levels and the impacts of coastal inundation.
- \$12.4 million under the Racing Infrastructure Fund to assist the Queensland racing industry improve racing infrastructure across the State.
- \$7 million as part of \$9.1 million in total funding for the Paroo Shire Council to continue upgrades to critical sewerage infrastructure.

Capital Statement 2019-20

Local Government, Racing and Multicultural Affairs

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS					
Property, Plant and Equipment					
Northern Peninsula Area water supply system - replacement of asbestos cement pipelines	315	5,000	300	1,700	3,000
Implementing more effective funding grants to local government	Various	1,300	191	1,109	
Other property, plant and equipment	Various			25	Ongoing
Total Property, Plant and Equipment				2,834	
Capital Grants					
Works for Queensland	Various	600,000	480,000	50,000	70,000
Local Government Grants and Subsidies Program	Various			29,392	Ongoing
Indigenous Councils Critical Infrastructure Program	Various	120,000	52,904	28,765	38,331
Torres Strait Islands seawalls and coastal inundation mitigation upgrades	315	20,000	5,000	15,000	
Paroo Shire Council upgrade to critical sewerage infrastructure	315	9,100	2,100	7,000	
Torres Shire Council water treatment infrastructure upgrade	315	12,000	7,200	4,800	
Major Infrastructure Program - stage 6	315	15,000	11,250	3,750	
Beautiful Bowen - Bowen townscape project	312	5,000	3,000	2,000	
Whitsunday Coast Airport terminal expansion project	312	15,000	13,500	1,500	
Local Government Levy Ready Grant Program	Various	5,510	4,507	1,003	
Kuranda Skyrail and infrastructure levy	306			744	Ongoing
Ayr nature-based playground (Plantation Park)	318	1,500	900	600	
Racing Infrastructure Fund	Various	128,217	25,693	12,358	90,166

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Local Government, Racing and Multicultural Affairs					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Country Racing Program	Various	10,400	5,200	2,600	2,600
Total Capital Grants				<u>159,512</u>	
TOTAL LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS (PPE)				<u>2,834</u>	
TOTAL LOCAL GOVERNMENT, RACING AND MULTICULTURAL AFFAIRS (CG)				<u>159,512</u>	

3.14 NATURAL RESOURCES, MINES AND ENERGY

The Natural Resources, Mines and Energy portfolio includes the Department of Natural Resources, Mines and Energy, energy and water supply government-owned corporations, and statutory bodies reporting to the Minister for Natural Resources, Mines and Energy. The portfolio's capital program for 2019-20 is \$2.660 billion.

Department of Natural Resources, Mines and Energy

The capital purchases for the Department of Natural Resources, Mines and Energy are estimated to be \$109.6 million in 2019-20. Total capital grants for the department are estimated to be \$55 million in 2019-20.

Program Highlights (Property, Plant and Equipment)

- \$83 million to construct the Rookwood Weir to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region.

Program Highlights (Capital Grants)

- \$55 million to address Townsville's long-term water security needs.

CS Energy Limited

Total capital expenditure planned for 2019-20 is \$180.7 million. This reflects CS Energy's continued commitment to ongoing reliability and efficiency of generation plant at its power station sites.

Program Highlights (Property, Plant and Equipment)

- \$85.8 million for overhauls, enhancements and refurbishments to existing infrastructure at Callide Power Station.
- \$84.6 million for overhauls, enhancements and refurbishments to existing infrastructure at Kogan Creek Power Station.

Stanwell Corporation Limited

Total capital expenditure planned for 2019-20 is \$211.4 million. This reflects Stanwell's continued commitment to ongoing reliability and efficiency of generation plant at its power station sites.

Program Highlights (Property, Plant and Equipment)

- \$69.3 million for statutory inspections, replacements and refurbishments to existing infrastructure at Tarong Power Station.
- \$33.1 million for statutory inspections, replacement and refurbishment of existing infrastructure at Stanwell Power Station.

Energy Queensland

Total capital expenditure planned for 2019-20 of \$1.402 billion forms part of Energy Queensland's commitment to providing safe, secure and highly reliable electricity supply to all Queensland customers. Energy Queensland is focused on efficiency, asset management and network capability. The capital program aims to improve and reinforce electricity supplies across Queensland to meet customer needs, especially to cover periods of peak electricity demand.

Program Highlights (Property, Plant and Equipment)

- \$47.4 million to continue work on the multi-stage SunCoast sub-transmission powerline project to increase network capacity and improve reliability.
- \$1.2 million to carry out switchgear replacement and protection equipment installations at Kenmore substation to improve network performance.

Powerlink Queensland

Total capital expenditure planned for 2019-20 is \$217.9 million. Powerlink Queensland is the high voltage electricity transmission entity for Queensland. This is predominantly focused on replacement of aged equipment and assets to ensure continued reliable supply of electricity.

Program Highlights (Property, Plant and Equipment)

- \$1.5 million to replace aged secondary systems at Rocklea Substation in Brisbane's south.
- \$6.6 million to replace aged assets on the Collinsville to Proserpine transmission line in North Queensland.
- \$3.7 million to replace primary plant and secondary systems at Mackay Substation.
- \$5.7 million to install a new transformer at Calvale Substation and reconfigure the network servicing the Callide Power Station in Central Queensland.
- \$6 million to upgrade Gin Gin Substation near Bundaberg.
- \$5.5 million to replace aged secondary systems at two substations at Callide Power Station in Central Queensland.
- \$7.7 million to replaced aged primary plant at Bouldercombe Substation near Rockhampton.
- \$2.3 million to replace aged primary plant at Nebo Substation south west of Mackay.

- \$3.6 million to replace aged secondary systems at Nebo Substation south-west of Mackay.

Sunwater Limited

Total capital expenditure planned for 2019-20 total \$81.9 million. This will focus on enhancing Sunwater's dam infrastructure to meet extreme weather conditions and continue to provide a reliable water supply to regional Queensland as well as investing in innovative digital technology to drive collaboration and efficiency.

Program Highlights (Property, Plant and Equipment)

- \$18.6 million to construct gravity sidewalls in the spillway chute at Fairbairn Dam to complement earlier stages and enhance the dam to safeguard against future extreme weather events.
- \$7.8 million to continue planning works to enhance the spillway at Paradise Dam to safeguard against future extreme weather events.
- \$2.6 million for safety improvement works at Leslie Dam to safeguard against extreme weather events.
- \$717,000 to extend the Beardmore Dam - Thuraggi Channel structure 40 metres downstream to safeguard against future extreme weather events.
- \$5.9 million to continue planning works to enhance the spillway at Burdekin Falls Dam to safeguard against future extreme weather events.
- \$1.4 million to enhance the saddle Teemburra Dam to safeguard against future extreme weather events.
- \$4.4 million for routine capital works on irrigation water supply schemes across regional Queensland.
- \$4.6 million for non-routine capital works on industrial pipelines across regional Queensland.
- \$12.7 million to implement new digital enterprise business solutions across Sunwater to better service its customers.

Gladstone Area Water Board

Total capital expenditure planned for 2019-20 is \$18.2 million. The capital program is focused on continuing effective and safe operations of Gladstone Area Water Board's property, plant and equipment.

Program Highlights (Property, Plant and Equipment)

- \$5.3 million to relocate the Gladstone fish hatchery.

- \$3.4 million to construct a new pump station and connection to Gladstone Regional Council/Kirkwood Reservoir.
- \$1.6 million to construct an emergency shelter at Muster Point near Awoonga Dam.
- \$1.3 million to secure easements for the Gladstone-Fitzroy Pipeline.
- \$1.2 million to replace sections of the pipeline from Gladstone Water Treatment Plant to South Gladstone Reservoir.
- \$500,000 to install cathodic protection on pipeline at South Trees.
- \$2.3 million to install various water infrastructure in the Gladstone region.

Mount Isa Water Board

Total capital expenditure planned for 2019-20 is \$8 million. The capital program is focused on continuing the cost-efficient, reliable and safe operation of Mount Isa Water Board's water delivery infrastructure.

Program Highlights (Property, Plant and Equipment)

- \$1.8 million to complete Mount Isa Terminal Reservoir storage tanks project, which will provide new potable water storage tanks to replace the aged north tank, eliminate water losses, improve water supply reliability and address water quality assurance requirements.
- \$882,000 to complete the renewal of aged pump sets at Lake Moondarra Deep Well Pump Station, to improve their reliability and energy efficiency.
- \$1.9 million to complete the next renewal stage of the Moondarra to Mount Isa Terminal Reservoir pipeline, particularly the aged and high-risk segment downstream of Lake Moondarra Booster Station.

Seqwater

Capital purchases for Seqwater in 2019-20 are \$153.6 million. The capital program is focused on the continuation of a safe, secure and reliable water supply for South East Queensland, as well as providing essential flood mitigation services and managing catchment health. Seqwater has facilities located throughout South East Queensland. These require minor works and renewals, as well as upgrades and compliance driven works to ensure effective operation.

Program Highlights (Property, Plant and Equipment)

- \$5.1 million to continue the refurbishment and upgrade 20 filters at the Mount Crosby East Bank Water Treatment Plant to maintain and improve capacity and reliability.

- \$8.2 million to commence the Ewen Maddock Dam Stage 2 safety upgrade to comply with dam safety standards for extreme weather events.
- \$6.2 million to continue planning works in relation to the Somerset Dam safety upgrade to comply with dam safety standards for extreme weather events.
- \$8.4 million to continue planning works in relation to the Lake Macdonald Dam safety upgrade to comply with dam safety standards for extreme weather events.
- \$10 million to continue planning works for the proposed pipeline to connect Beaudesert to the water grid to secure long-term water supply.

CleanCo Queensland Limited

Total capital expenditure planned for 2019-20 is \$221.5 million. The capital program is focused on overhauls, maintenance and upgrades of generator units and establishing trading and enterprise resource planning systems.

Program Highlights (Property, Plant and Equipment)

- \$150 million out of a total \$250 million, held centrally, for CleanCo to build, own and operate new renewable energy generation in Queensland. This funding will be provided to CleanCo as projects are approved.
- \$44 million for scheduled major overhauls of existing infrastructure at Swanbank E Power Station.
- \$4.7 million to implement the energy market trading system.

Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF NATURAL RESOURCES, MINES AND ENERGY					
Property, Plant and Equipment					
Hopeland (Linc Energy) Management and Remediation Project	307	4,260		3,770	490
Abandoned Mines - Care and Maintenance, Risk Mitigation, Remediation and Consultation	Various	3,300		2,800	500
Rookwood Weir	308	352,000	66,000	83,000	203,000
Geoscience Data Modernisation Project (Strategic Resources Exploration Program)	Various	7,125	3,766	3,359	

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Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Financial Assurance Framework Reform Program	305	3,975	2,932	1,043	
Water monitoring network	Various			1,150	Ongoing
Stock route network	Various			800	Ongoing
Systems development	305			8,627	Ongoing
Other property, plant and equipment	Various			5,044	Ongoing
Total Property, Plant and Equipment				109,593	
Capital Grants					
Townsville Water Security	318	215,000	160,000	55,000	
Total Capital Grants				55,000	
CS ENERGY LIMITED					
Property, Plant and Equipment					
Callide Power Station enhancements, overhauls and refurbishment	308	85,794		85,794	
Kogan Creek Power Station enhancements, overhauls and refurbishment	307	84,638		84,638	
Kogan Creek Mine developments and refurbishment	307	1,836		1,836	
Upgrade of corporate information systems to support the business	305	8,405		8,405	
Total Property, Plant and Equipment				180,673	
STANWELL CORPORATION LIMITED					
Property, Plant and Equipment					
Mica Creek Power Station - minor works	315	9,470	8,595	875	
Stanwell Power Station - overhauls	308	227,738	37,410	33,108	157,220
Stanwell Power Station - control system upgrade	308	23,273	14,255	8,435	583
Stanwell Power Station - other sustaining projects	308	91,617	31,295	10,416	49,906
Tarong Power Station - overhauls	319	240,958	34,771	69,250	136,937
Tarong Power Station - ash off take project	319	16,673	310	16,224	139

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Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Tarang Power Station - other sustaining projects	319	96,083	38,457	16,211	41,415
Meandu Mine - overhauls	319	27,095	1,999	6,500	18,596
Meandu Mine - dozer replacement program	319	31,854		3,470	28,384
Meandu Mine - fleet ancillary equipment program	319	16,350		355	15,995
Meandu Mine - minor works	319	61,981	11,839	20,915	29,227
Meandu Mine - development program	319	63,922	5,923	3,566	54,433
Information and communication technology - hardware and software upgrades	305	82,275	24,292	13,050	44,933
Information and communication technology - five minute settlements	305	21,369	1,495	8,397	11,477
Other capital projects	305	2,170	837	584	749
Total Property, Plant and Equipment				211,356	
ENERGY QUEENSLAND					
Property, Plant and Equipment					
Other					
Non-System					
Vehicles - Ergon Energy	Various	33,410		33,410	
Vehicles - Energex	305	22,063		22,063	
Tools and equipment	Various	6,000		6,000	
Tools and equipment	305	1,785		1,785	
Searle Street Maryborough redevelopment	319	4,740	210	3,000	1,530
Proserpine redevelopment	312	13,636	471	5,152	8,013
Property and buildings	Various	70,830	17,146	27,000	26,684
Property - minor program for 2019-20	Various	53,002	27,174	25,300	528
Information and communication technologies	Various	29,026		29,026	
Information and communication technologies	305	25,621		25,621	
Cairns Depot development	306	9,137	77	6,000	3,060
Cairns - Bunda Street	306	9,593	8,083	1,000	510

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Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Alternative Control Services					
Other regulated customer initiated capital work (alternative control services)	Various	70,190		70,190	
Customer initiated works - Sunshine Coast	316	12,396		12,396	
Customer initiated works - Ipswich	310	7,110		7,110	
Customer initiated works - Brisbane	Various	52,502		52,502	
Customer initiated works - Wide Bay/Burnett	319	6,290		6,290	
Customer initiated works - Gold Coast	309	12,852		12,852	
ICT					
Digital office capital expenditure	Various	67,489		67,489	
Ergon Energy retail capital expenditure	305	33,080		33,080	
Non-Regulated					
Yurika digital platform	305	32,200	6,200	13,000	13,000
Barcaldine Power Station upgrade	315	4,200	2,400	1,800	
Infrastructure services	Various	218,300	42,000	79,900	96,400
Unregulated metering/metering dynamics	305	264,000	42,900	46,300	174,800
Other isolated capital work	Various	25,201		25,201	
Multiple site line reconductor program	315	1,064		220	844
Isolated systems augmentation and upgrades	Various	13,312	9,571	750	2,991
Environment related projects - Torres Strait	315	2,124	1,713	411	
System					
Connections					
Other regulated customer initiated capital work (standard control services)	Various	71,358		71,358	
Connections - Sunshine Coast	316	12,782		12,782	
Connections - Ipswich	310	3,815		3,815	
Connections - Gold Coast	309	7,830		7,830	
Connections - Brisbane	Various	42,494		42,494	

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Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Replacements					
Hendra Substation upgrade	305	2,679	263	2,395	21
Mt Crosby Substation	310	20,036	1,739	3,284	15,013
Yarranlea Substation upgrade	307	8,137	4,486	3,576	75
Toowong Substation upgrade	305	3,757	302	3,447	8
Toolara Forest Substation upgrade	319	5,415	4,017	1,398	
Surfers Paradise Substation upgrade	309	8,462	316	632	7,514
Richlands Substation upgrade	310	4,386	537	3,047	802
Redcliffe Substation upgrade	313	7,871	2,332	3,875	1,664
Queensport-Bulimba underground feeder	305	5,513	5,217	295	1
Protection replacement	Various	10,229	7,651	2,578	
Other regulated network initiated capital work - replacements	Various	216,783		216,783	
Network initiated replacement works - Wide Bay	319	2,804		2,804	
Network initiated replacement works - Sunshine Coast	316	31,461		31,461	
Network initiated replacement works - Ipswich	310	10,747		10,747	
Network initiated replacement works - Gold Coast	309	19,001		19,001	
Network initiated replacement works - Brisbane	Various	91,735		91,735	
Meeandah - Whinstanes underground feeder	302	8,692	5,585	3,084	23
Mackay Tennyson Street Substation upgrade	312	21,655	14,276	5,629	1,750
Low voltage small copper replacement (stage 2 and 3)	Various	98,484	6,695	10,979	80,810
Lota Substation upgrade	301	3,912	3,820	92	
Kilcoy Substation upgrade	313	10,794	520	7,999	2,275
Kenmore Substation upgrade	304	3,072	1,889	1,183	
Inala Substation upgrade	310	3,990	3,796	194	
Howard Substation upgrade	319	8,195	2,160	3,521	2,514
Herring Lagoon Substation upgrade	301	3,165	3,115	50	

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Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Hendra - Nundah underground feeder	302	8,398	275	631	7,492
Hendra - Clayfield underground feeder	305	11,742	10,313	1,427	2
Hemmant Substation upgrade	301	8,957	6,691	2,266	
Glenore Grove Substation upgrade	310	5,804	174	3,614	2,016
Emerald Cornet Substation upgrade	308	3,477	708	1,773	996
Dysart Substation upgrade	312	12,839	9,910	2,889	40
Conductor Clearance to Structure	Various	40,170		40,170	
Clayfield Substation upgrade	305	8,006	2,766	4,360	880
Chermside Substation upgrade	302	5,595	2,140	685	2,770
Charters Towers Substation upgrade	318	3,930	3,235	695	
Barcaldine Substation upgrade	315	3,411		1,567	1,844
Augmentation					
Gracemere Substation	308	11,520	1,490	1,037	8,993
SunCoast Power Project	316	106,718	59,300	47,418	
Safety net implementation	Various	7,324	6,731	356	237
Other regulated network initiated capital work - augmentation	Various	43,601		43,601	
Network initiated capacity augmentation - Sunshine Coast	316	16,503		16,503	
Network initiated capacity augmentation - Ipswich	310	5,345		5,345	
Network initiated capacity augmentation - Gold Coast	309	10,422		10,422	
Network initiated capacity augmentation - Brisbane	Various	34,541		34,541	
Total Property, Plant and Equipment				1,402,216	
POWERLINK QUEENSLAND					
Property, Plant and Equipment					
Rocklea Substation secondary systems replacement	303	21,100	16,532	1,477	3,091

Capital Statement 2019-20

Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Collinsville to Proserpine transmission line refit	312	34,300	27,422	6,613	265
Mackay Substation replacement	312	28,000	23,047	3,695	1,258
Callide A / Calvale 132kV network reinvestment	308	34,800	12,923	5,693	16,184
Gin Gin Substation rebuild	319	22,800	15,326	6,012	1,462
Calvale & Callide B secondary systems replacement	308	21,800	11,477	5,500	4,823
Bouldercombe primary plant replacement	308	22,800	4,678	7,722	10,400
Nebo primary plant replacement	312	22,500	14,878	2,262	5,360
Nebo secondary systems replacement	312	21,000	11,384	3,587	6,029
Total non-prescribed transmission network connections	Various			36,284	Ongoing
Total other projects	Various			139,102	Ongoing
Total Property, Plant and Equipment				217,947	

SUNWATER LIMITED

Property, Plant and Equipment					
Digital Enterprise Business Solution project	305	14,759		12,697	2,062
Non-infrastructure capital investments	Various	10,421		2,777	7,644
Burdekin Falls Dam improvement project - planning works	318	10,131	4,204	5,927	
Mareeba Dimbulah Channel efficiency improvements	315	17,280	1,951	5,879	9,450
Nogoa Mackenzie Channel efficiency improvements	308	9,260	1,169	2,198	5,893
Teemburra Dam improvement project - planning works	312	10,797	683	1,446	8,668
Leslie Dam improvement project - planning works	307	28,834	474	2,621	25,739
Other major dam improvement works	Various	36,544		6,404	30,140
Irrigation schemes non-routine program of capital works	Various	20,612		4,381	16,231
Industrial pipelines non-routine program of capital works	Various	15,718		4,629	11,089

Capital Statement 2019-20

Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Beardmore Dam - Thuraggi Channel repair	307	1,967	1,250	717	
Burdekin Falls Dam raising feasibility studies	318	14,258		5,831	8,427
Fairbairn Dam improvement project	308	40,000	21,427	18,573	
Paradise Dam improvement project - planning works	319	12,080	3,070	7,818	1,192
Total Property, Plant and Equipment				81,898	

GLADSTONE AREA WATER BOARD

Property, Plant and Equipment

Hatchery relocation	308	6,663	1,380	5,283	
Connection to Gladstone Regional Council/Kirkwood Reservoir	308	4,240	884	3,356	
Muster Point - emergency shelter	308	1,706	60	1,646	
Gladstone-Fitzroy Pipeline transition and management	308	6,866	5,566	1,300	
Gladstone Water Treatment Plant to South Gladstone Reservoir Stage 3 Pipeline	308	1,342	142	1,200	
Capital work orders - Performance Plan reference	308	1,886	1,182	704	
Mobile emergency electrical generation unit	308	991	491	500	
Condition assessment of South Trees Pipe	308	1,276	776	500	
Offline storage fencing, gates and embankment access barrier gate	308	495		495	
Switchboard upgrade - 136 Goondoon Street	308	375		375	
Offline storage floating barriers around pump inlets	308	310		310	
Data centre relocation	308	275		275	
Other projects	308	9,009	6,720	2,289	
Total Property, Plant and Equipment				18,233	

Capital Statement 2019-20

Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
MOUNT ISA WATER BOARD					
Property, Plant and Equipment					
Power reliability - Hilton to Lake Julius	315			585	Ongoing
Other plant and equipment	315			85	Ongoing
Mount Isa Terminal Reservoir storage tanks	315	4,324	2,546	1,778	
Mount Isa City Council Supply - diesel backup	315	1,303	145	1,158	
Moondarra to Mount Isa Terminal Reservoir pipeline upgrade	315	2,840	976	1,864	
Lake Moondarra Deep Well Pump Station pumps renewal	315	901	19	882	
Lake Julius power pole replacement	315			285	Ongoing
Control systems supervisory control and data acquisition upgrade	315	384	314	70	
Chlorine dose equipment upgrade	315	517	367	150	
Asset renewals	315			470	Ongoing
Asset enhancement	315			704	Ongoing
Total Property, Plant and Equipment				8,031	
SEQWATER					
Property, Plant and Equipment					
Mount Crosby East Bank Water Treatment Plant filtration upgrade	310	34,171	5,031	5,096	24,044
Ewen Maddock Dam safety upgrade - stage 2	316	23,450	1,740	8,230	13,480
Somerset Dam safety upgrade (planning costs)	310	8,879	2,688	6,191	
Lake Macdonald Dam upgrade - stage 2 (planning costs)	316	19,779	11,375	8,404	
Beaudesert Water Supply Zone upgrade (planning costs)	311	16,126	6,130	9,996	
Water treatment improvements	Various			34,371	Ongoing
Other infrastructure improvements	Various			63,269	Ongoing
Non-infrastructure capital works	Various			9,199	Ongoing
Information and communication technology capital program	Various			8,811	Ongoing
Total Property, Plant and Equipment				153,567	

Capital Statement 2019-20

Natural Resources, Mines and Energy

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
CLEANCO QUEENSLAND LIMITED					
Property, Plant and Equipment					
New Renewable Generation ¹	Various	250,000		150,000	100,000
Wivenhoe Split Yard Creek maintenance	310	315		315	
Wivenhoe Silo 2 lift	310	306		306	
Wivenhoe Silo 1 lift	310	265		265	
Wivenhoe other projects	310	2,000		2,000	
Wivenhoe W1 major overhaul preparation work	310	740		740	
Barron Gorge Hydro other projects	306	208		208	
Kareeya Hydro bridge upgrade	306	1,400		1,400	
Kareeya Hydro connection upgrade	306	900		900	
Kareeya Hydro Governor Control System	306	726		726	
Kareeya Hydro essential services shed	306	300		300	
Kareeya Hydro other projects	306	1,400		1,400	
Koombooloomba Hydro other projects	306	120		120	
Swanbank E major overhaul	310	44,000		44,000	
Swanbank E site accommodation	310	2,700		2,700	
Swanbank E fast start upgrade	310	2,900		2,900	
Swanbank E low part load	310	800		800	
Swanbank E site reconfiguration	310	600		600	
Swanbank E heater replacement	310	450		450	
Swanbank E other projects	310	800		800	
Corporate - Energy Trading System	305			4,650	Ongoing
Corporate - Enterprise Resource Planning (ERP) system	305			2,000	Ongoing
Corporate - asset advisory/TSA transition	305			1,200	Ongoing
Corporate - general corporate systems	305			1,000	Ongoing
Corporate - design and build core hosted IT services	305			500	Ongoing
Corporate - information technology services - business modelling and implementation	305			400	Ongoing

Capital Statement 2019-20

Natural Resources, Mines and Energy					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Corporate - information technology services - equipment	305			300	Ongoing
Corporate - other projects	305			500	Ongoing
Total Property, Plant and Equipment				<u>221,480</u>	
TOTAL NATURAL RESOURCES, MINES AND ENERGY (PPE)				<u>2,604,994</u>	
TOTAL NATURAL RESOURCES, MINES AND ENERGY (CG)				<u>55,000</u>	

Note:

1. Additional funding of \$150 million in 2019-20 (of \$250 million total) is being held centrally for CleanCo Queensland Limited to own and operate new renewable energy generation in Queensland. This funding will be provided to CleanCo as projects are approved.

3.15 PUBLIC SAFETY BUSINESS AGENCY

Public Safety Business Agency

The 2019-20 Public Safety Business Agency capital program of \$263.6 million supports the delivery of essential frontline public safety services to Queensland communities.

The program will fund capital works, vehicles, information technology and other essential equipment for the Queensland Fire and Emergency Services (QFES), Queensland Police Service (QPS) and the Office of the Inspector-General Emergency Management.

Queensland Fire and Emergency Services

In 2019-20, \$97.7 million is provided for fire and emergency services facilities, fire appliances and information and communications systems and equipment, including:

- \$11.1 million to continue the replacement of the regional QFES headquarters and the new permanent fire and rescue station at Charlton.
- \$5.4 million to complete the replacement of the permanent fire and rescue station at Bracken Ridge and upgrade the permanent fire and rescue station at West Logan.
- \$4.8 million to complete replacement of the auxiliary fire and rescue stations at El Arish, Esk and Yarraman.
- \$2.5 million to continue the upgrade of the QFES complex at Mount Isa.
- \$2.1 million to continue the replacement QFES complex at Maleny and complete the replacement QFES complex at Kilkivan.
- \$2 million to continue the new permanent fire and rescue station at Pimpama.
- \$1.7 million to complete the replacement QFES facility at Rathdowney.
- \$1.5 million to commence the replacement QFES mechanical workshop at Pinkenba.
- \$1 million to commence the Cairns QFES communications centre upgrade collocated with the Queensland Ambulance Service.
- \$900,000 to commence replacement of the composite fire and rescue station at Charters Towers.
- \$800,000 to complete the new Weipa QFES emergency and disaster centre.
- \$550,000 to commence replacement of the auxiliary fire and rescue stations at Gracemere, Longreach, Rainbow Beach and Rosewood.

- \$300,000 to commence the new permanent fire and rescue station at Yarrabilba.
- \$250,000 to commence replacement of the permanent fire and rescue station at Loganlea.
- \$50,000 to commence the relocation and upgrade of the auxiliary fire and rescue station at Mossman.
- \$3.6 million for QFES strategic land acquisitions and rural operations land purchases.
- \$50 million for replacement and new fire and rescue and rural fire appliances.
- \$5.6 million for QFES minor capital works across the State, including upgrades of fire and rescue station amenities.
- \$3.6 million for QFES information and communications systems and other plant and equipment.

Queensland Police Service

In 2019-20, \$153.7 million is provided for Queensland Police Service facilities, information and communication technology and other essential equipment, including:

- \$28 million to continue the new Counter Terrorism and Community Safety Training Centre at Wacol.
- \$12.1 million to complete the new Saibai Island Community Safety and Security Facility.
- \$10.8 million to complete the new police facility at Arundel.
- \$5.7 million to complete the new police warehouse facility at Wacol.
- \$4.9 million to continue the replacement police facility at Pormpuraaw.
- \$4.6 million to continue the new police facility at Highfields and replacement police facilities at Beaudesert, Coolum and Nambour.
- \$2.4 million to continue the upgrades of the Aurukun and West End police facilities and refurbishment of the old Caboolture police facility.
- \$844,000 to complete the replacement police facility and district headquarters at Caboolture and new police facility at Newtown.
- \$300,000 to complete the upgrade of the Logan Village police facility to service the Yarrabilba community and surrounds.
- \$200,000 to commence the replacement police facility at Biloela.

- \$41.1 million for new and replacement police service vehicles.
- \$6 million for the police service vessel management program.
- \$20.3 million for QPS information and communications systems, including the Public Safety Network.
- \$9.5 million for air-conditioning replacement, closed-circuit camera upgrades and electricity optimisation programs at police facilities across the State.
- \$7 million for QPS minor capital works and other plant and equipment across the state.

Public Safety Business Agency - Other Departmental Capital

- \$7.1 million to maintain aircraft.
- \$4 million to support Queensland Ambulance Service information and communication technology.
- \$300,000 for other departmental information systems development.
- \$850,000 for other plant and equipment.

Public Safety Business Agency

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
PUBLIC SAFETY BUSINESS AGENCY					
Property, Plant and Equipment					
Queensland Fire and Emergency Services					
Buildings					
Bracken Ridge replacement permanent fire and rescue station	302	6,766	1,753	5,013	
Cairns QFES communications centre upgrade collocated with Queensland Ambulance Service	306	3,000		1,000	2,000
Charlton replacement regional QFES headquarters and new permanent fire and rescue station	317	16,967	500	11,067	5,400
Charters Towers replacement composite fire and rescue station	318	3,000		900	2,100

Capital Statement 2019-20

Public Safety Business Agency

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
El Arish replacement auxiliary fire and rescue station	306	1,800	100	1,700	
Esk replacement auxiliary fire and rescue station	310	1,800	100	1,700	
Gracemere replacement auxiliary fire and rescue station	308	2,200		200	2,000
Kilkivan replacement QFES complex	319	1,800	200	1,600	
Loganlea replacement permanent fire and rescue station	311	3,500		250	3,250
Longreach replacement auxiliary fire and rescue station	315	3,100		100	3,000
Maleny replacement QFES ¹ complex	316	2,500	50	500	1,950
Mossman auxiliary fire and rescue station relocation and upgrade	306	2,000		50	1,950
Mount Isa QFES complex upgrade	315	3,400	400	2,500	500
Pimpama new permanent fire and rescue station	309	3,000	200	2,000	800
Pinkenba replacement QFES mechanical workshop	302	9,000		1,500	7,500
Rainbow Beach replacement auxiliary fire and rescue station	319	2,000		200	1,800
Rathdowney replacement QFES facility	311	2,101	364	1,737	
Rosewood replacement auxiliary fire and rescue station	310	2,000		50	1,950
Weipa new QFES emergency and disaster centre	315	1,200	400	800	
West Logan permanent fire and rescue station upgrade	311	650	250	400	
Yarrabilba new permanent fire and rescue station	311	3,900		300	3,600

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Public Safety Business Agency

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Yarraman replacement auxiliary fire and rescue station	307	1,500	150	1,350	
QFES minor works	Various			5,590	Ongoing
Land					
QFES strategic land acquisitions	Various			3,350	Ongoing
QFES rural operations land purchases	Various			200	Ongoing
Plant and Equipment					
Rural fire appliances	Various			4,309	Ongoing
Fire and rescue appliances	Various			45,712	Ongoing
QFES information and communications equipment	Various			3,376	Ongoing
QFES other plant and equipment	Various			250	Ongoing
Sub-total Queensland Fire and Emergency Services				97,704	
Queensland Police Service					
Buildings					
Arundel new police facility	309	11,500	736	10,764	
Aurukun police facility upgrade	315	6,700	211	640	5,849
Beaudesert replacement police facility	311	7,095	495	800	5,800
Biloela replacement police facility	308	2,100		200	1,900
Caboolture replacement police facility and district headquarters	313	17,296	17,152	144	
Caboolture refurbishment of old police facility	313	13,795	456	1,292	12,047
Coolum replacement police facility	316	2,700	182	1,611	907
Highfields new police facility	317	2,769	194	2,060	515
Logan Village - Yarrabilba police facility upgrade	311	550	250	300	
Nambour replacement police facility	316	9,040	412	100	8,528
Newtown new police facility	317	900	200	700	
Pormpuraaw replacement police facility	315	8,200	243	4,894	3,063
Saibai Island new Community Safety and Security Facility	315	13,066	1,013	12,053	

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Public Safety Business Agency

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Wacol new QPS Counter-Terrorism and Community Safety Training Centre		52,219	8,549	28,000	15,670
Wacol new police warehouse facility	310	20,000	14,260	5,740	
West End police facility upgrade	305	4,300	158	510	3,632
QPS air conditioning plant replacement program	Various			4,000	Ongoing
Closed circuit camera upgrades in various police facilities	Various			2,000	Ongoing
QPS electricity optimisation program	Various			3,500	Ongoing
QPS minor works	Various			5,800	Ongoing
Plant and Equipment					
QPS Information and communication technology	Various			11,222	Ongoing
QPS Public Safety Network	305			9,045	Ongoing
QPS new and replacement vehicles	Various			41,111	Ongoing
QPS vessel management program	Various			5,965	Ongoing
QPS other plant and equipment	Various			1,200	Ongoing
Sub-total Queensland Police Service				<u>153,651</u>	
Other Departmental					
Aircraft maintenance	Various			7,091	Ongoing
Queensland Ambulance Service information systems development	Various			4,025	Ongoing
Other departmental information systems development	Various			300	Ongoing
Other departmental plant and equipment	Various			850	Ongoing
Sub-total Other Departmental				<u>12,266</u>	
Total Property, Plant and Equipment				<u>263,621</u>	
TOTAL PUBLIC SAFETY BUSINESS AGENCY (PPE)				<u><u>263,621</u></u>	

Note:

- Part of the \$3 million commitment for a new complex for emergency services in Maleny. \$500,000 for this project is included in strategic land acquisitions.

3.16 QUEENSLAND CORRECTIVE SERVICES

Queensland Corrective Service's capital purchases for 2019-20 of \$126.7 million will primarily focus on prison infrastructure, perimeter security upgrades and correctional centre enhancements.

Queensland Corrective Services*Program Highlights (Property, Plant and Equipment)*

- \$88 million of \$241 million to provide an additional 348 cells at Capricornia Correctional Centre.
- \$6 million of \$76.6 million to continue upgrading the perimeter security at a number of correctional centres as part of Stage 2 of the Perimeter Security Upgrade Program.
- \$7 million of \$16.6 million in to enhance Woodford Correctional Centre and Princess Alexandra Hospital Secure Unit.
- \$2.1 million to complete various prison infrastructure projects.
- \$2.2 million to support the implementation of Taskforce Flaxton.
- \$500,000 of \$3 million to upgrade the commercial laundry in the Brisbane Correctional Centre.
- \$20.9 million to acquire other property, plant and equipment.

Queensland Corrective Services

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
QUEENSLAND CORRECTIVE SERVICES					
Property, Plant and Equipment					
Queensland Corrective Services					
Major works - correctional centres					
Capricornia Correctional Centre expansion	308	241,000	103,703	88,000	49,297
Perimeter Security Upgrade Program - stage 2	Various	76,579	70,579	6,000	
Sub-total Major works - correctional centres				94,000	

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Queensland Corrective Services

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Correctional centre enhancements					
Woodford Correctional Centre - intercoms	313	13,600		5,000	8,600
Princess Alexandra Hospital secure unit	303	3,000		2,000	1,000
Prison Infrastructure	Various	16,936	12,816	2,120	2,000
Sub-total Correctional centre enhancements				9,120	
Information technology Taskforce Flaxton	Various	2,200		2,200	
Sub-total Information technology				2,200	
Other acquisitions of property, plant and equipment					
Brisbane Correctional Centre laundry	310	3,000		500	2,500
Other acquisitions of property, plant and equipment	Various			20,889	Ongoing
Sub-total Other acquisitions of property, plant and equipment				21,389	
Sub-total Queensland Corrective Services				126,709	
Total Property, Plant and Equipment				126,709	
TOTAL QUEENSLAND CORRECTIVE SERVICES (PPE)				126,709	

3.17 QUEENSLAND FIRE AND EMERGENCY SERVICES

Queensland Fire and Emergency Services

Most new and ongoing capital initiatives to support Queensland Fire and Emergency Services (QFES) operational capability are delivered by the Public Safety Business Agency. This includes fire and emergency services facilities, fire appliances and information and communications equipment.

QFES continues to be responsible for delivering operational equipment and information systems development to support the provision of fire and rescue and emergency management services throughout Queensland.

In 2019-20, QFES will invest \$5.5 million in capital purchases and \$897,000 in capital grants.

Program Highlights (Property, Plant and Equipment)

- \$4 million for operational equipment, which includes protective clothing such as fully encapsulated gas suits and equipment to service them, specialist and field-portable scientific analysis and detection equipment, and compressors for self-contained breathing apparatus. Equipment purchases also include motorised swiftwater rescue craft, battery powered rescue equipment, accommodation shelters and satellite communications hardware for deployable disaster response.
- \$1.2 million for additions and upgrades to information systems.
- \$250,000 for State Emergency Service (SES) on-boarding to the Government Wireless Network in South East Queensland, to support volunteers and local government and enhance an integrated emergency response.

Program Highlights (Capital Grants)

- \$712,000 for State Emergency Service capital grants.
- \$185,000 for Rural Fire Brigade capital grants.

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Queensland Fire and Emergency Services					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
QUEENSLAND FIRE AND EMERGENCY SERVICES					
Property, Plant and Equipment					
Operational equipment	Various			4,000	Ongoing
Information systems development	Various			1,200	Ongoing
SES on-boarding to the Government Wireless Network	Various	500	250	250	
Total Property, Plant and Equipment				<u>5,450</u>	
Capital Grants					
Rural Fire Brigades	Various			185	Ongoing
State Emergency Service	Various			712	Ongoing
Total Capital Grants				<u>897</u>	
TOTAL QUEENSLAND FIRE AND EMERGENCY SERVICES (PPE)				<u>5,450</u>	
TOTAL QUEENSLAND FIRE AND EMERGENCY SERVICES (CG)				<u>897</u>	

3.18 QUEENSLAND HEALTH

The Queensland public healthcare system comprises the Department of Health, Queensland Ambulance Service (QAS), the Council of the Queensland Institute of Medical Research (QIMR), the Queensland Mental Health Commission, the Office of the Health Ombudsman, and 16 independent Hospital and Health Services. The total capital investment program in 2019-20 for Queensland Health, including QIMR, is \$777.7 million.

Queensland Health and Hospital and Health Services

The Queensland Health capital investment program works to ensure staff, patients, and communities have access to contemporary health infrastructure that supports the delivery of health services. Health infrastructure that is fit for purpose and ensures value for money underpins the delivery of quality frontline services for patients and better healthcare in the community. The department takes a strategic view to ensure health infrastructure, healthcare technology, and information and communications technology (ICT) strengthen our public health system to meet changing models of care and growing health service demand.

Program Highlights (Property, Plant and Equipment)

In 2019-20, Queensland Health will continue to invest in health infrastructure, capital works and purchases across a broad range of areas including hospitals, ambulance stations and vehicles, health technology, research and scientific services, mental health services, staff accommodation and ICT.

Hospital and health facility project highlights in 2019-20 will include:

- \$36.3 million as part of the total funding for the Building Better Hospitals program including:
 - \$7.5 million for the Logan Hospital expansion which will deliver an additional 206 beds with a vertical expansion of Building 3 and targeted refurbishment of other key locations;
 - \$18.4 million for the Caboolture Hospital expansion to deliver an additional 130 beds and refurbishment of critical clinical support services;
 - \$10 million for Stage 1A of the Ipswich Hospital expansion, which will include new mental health facilities for adults and older persons and a Magnetic Resonance Imaging (MRI) suite to grow clinical capacity; and
 - \$400,000 plus additional funding of \$2.3 million from the Metro South Hospital and Health Service for the Logan Hospital Maternity Services upgrade, with the refurbishment to deliver six additional maternity inpatient beds, five extra birthing suites, an expanded special care nursery with 10 additional cots, and the installation of birthing pools suitable for water birthing.

- \$80 million under the Priority Capital Program to be distributed across Hospital and Health Services and Health Support Queensland for a range of capital works projects to enhance or replace existing infrastructure and to sustain and improve business and service level continuity. The program seeks to address legislative compliance (including fire safety and food safety), essential services (including electricity, water supply and sewerage), major plant and systems (including air-conditioners, chillers, lifts and infrastructure and call systems) and major building elements (including foundations, floors, walls and roofs).
- \$78.6 million as part of the Enhancing Regional Hospitals Program, to continue the delivery of the Roma Hospital redevelopment and upgrade of the Gladstone Hospital Emergency Department.
- \$40.7 million, as part of the Rural and Regional Infrastructure Package, to: continue to deliver redevelopments for Blackall Hospital, Sarina Hospital, Kingaroy Hospital, Townsville Hospital Clinical Services and Maryborough Hospital Emergency Department and Specialist Outpatients Department; for staff accommodation projects across the State; and to replace the Mer (Murray) Island Primary Health Care Centre and build a new mental health unit at Cairns Hospital.
- \$34.5 million as part of the Advancing Queensland's Health Infrastructure Program to continue essential upgrades to health facilities and supporting infrastructure across Queensland, including repurposing of Nambour General Hospital, redevelopment of the Atherton Hospital, redevelopment of Thursday Island Hospital, and delivery of a new health precinct for the southern corridor of Cairns.
- \$27.9 million to continue the delivery of a new Adolescent Extended Treatment Facility at The Prince Charles Hospital, two new Adolescent Step Up Step Down units in Brisbane, and refurbishment of two adolescent Day Program spaces at Logan and the Gold Coast.
- \$27 million to continue building a new multi-storey car park at the Redcliffe Hospital.
- \$15.7 million to continue replacing non-compliant cladding at Princess Alexandra Hospital.
- \$10.7 million to fit out an additional ward on Level 12 of the Queensland Children's Hospital.
- \$6.4 million funding to continue developing a detailed business case for a new Toowoomba Hospital on the Baillie Henderson site.

- \$3.9 million to complete the refurbishment of the Boulia Primary Health Care Centre as part of the Significant Regional Infrastructure Projects Program.
- \$1.7 million to build a new multi-storey carpark at the Caboolture Hospital.
- \$1.4 million for a four-bed expansion of the Redland Hospital Emergency Department and an expansion of the birthing suites from six to seven, including a suite suitable for water birthing.
- \$988,000 to develop a new 42-bed residential drug rehabilitation and treatment facility in Rockhampton as part of the Government's Action on Ice strategy.

In 2019-20, \$92.1 million will be invested in the prioritised ICT categories to ensure continued efficiency of the Queensland Health system. This investment will transform health services and enable new ways of delivering healthcare, support the integrated electronic Medical Record rollout (ieMR), mitigate the risk of digital infrastructure failure, and improve equity of service at rural and remote sites.

The Government is providing funding, held centrally, to support the delivery of a new 22-bed adult acute mental health inpatient unit at Hervey Bay Hospital and the refurbishment of the existing acute mental health inpatient unit at Maryborough Hospital. The Government has sought funding for the projects under the Australian Government's Community Health and Hospitals Program and is awaiting outcomes.

Hospital and Health Services will allocate \$166.8 million in 2019-20 for capital projects across Queensland. Projects include:

- \$73 million in funding distributed to Hospital and Health Services for the Health Technology Equipment Replacement Program across the State.
- \$58.3 million in funding distributed to Hospital and Health Services for Minor Capital Projects and Acquisitions across the State.
- \$6.2 million to provide modular health pods for a transit lounge and sub-acute ward to address current bed capacity and decanting issues at the Logan Hospital.
- \$5.9 million in funding to support the ieMR project in the Toowoomba Hospital and across the Darling Downs Hospital and Health Service.
- \$4.8 million to extend existing ICT services and develop new ICT services at the Sunshine Coast University Hospital.
- \$4.1 million to construct an additional operating theatre, to support additional surgery and improve workflows, and upgrade current storage space to conform with sterile stock storage standards at the Redcliffe Hospital.

- \$1.5 million to provide a Mental Health Clinical Decision Unit in the courtyard of the Logan Hospital Emergency Department.

In 2019-20, \$82.5 million has been allocated to other acquisitions of property, plant and equipment across the State, including:

- \$17.7 million to replace the current Laboratory Information Systems.
- \$13 million to replace the Pathology Queensland Laboratory General Chemistry and Immunoassay analysers across 34 laboratories statewide, including the introduction of new sample processing and track automation.
- \$6.9 million to continue delivery of the Regional eHealth project to introduce an electronic health record system for regional and remote communities in Far North Queensland.

Queensland Ambulance Service

In 2019-20, the Queensland Ambulance Service will invest \$55.7 million in capital purchases to support essential frontline services to provide the highest possible quality pre-hospital emergency and non-emergency care and services to the community. In implementing its capital program, the QAS will review opportunities for co-location with health services, thus improving the close linkages and working relationships between public hospitals, as well as other emergency management infrastructure. Highlights of the capital program include:

- \$7.5 million for ambulance facilities, including planning and progression of new stations at Urraween, Drayton, Yarrabilba and Munruben, and replacement stations at Kirwan and Mareeba.
- \$2.2 million to refurbish the Rockhampton Ambulance Station and Operations Centre and redevelop the Cairns Ambulance Station and Operations Centre.
- \$300,000 to plan an upgrade for the Southport Ambulance Station and Gold Coast Operations Centre.
- \$5 million investment in minor works at various existing stations to improve functionality, amenities and prolong useful life.
- \$1.5 million investment to acquire strategically located land to accommodate future expansion of services in identified growth areas.
- \$24 million for vehicles and stretchers including commissioning 122 new and replacement ambulance vehicles and to continue the rollout of power-assisted stretchers.
- \$6.4 million investment in ICT for software development projects to enhance patient care and service delivery.

- \$8.8 million in operational equipment, such as chest compression devices and push-to-talk satellite radios, to support frontline services.

Council of the Queensland Institute of Medical Research

The QIMR Berghofer capital program in 2019-20 will invest \$4.3 million to acquire new and/or replacement state-of-the-art scientific equipment and research facilities.

Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
QUEENSLAND HEALTH AND HOSPITAL AND HEALTH SERVICES					
Property, Plant and Equipment²					
Hospital and Health Services					
Advancing Queensland's Health Infrastructure Program	Various	230,000	26,501	34,495	169,004
Building Better Hospitals					
Caboolture Hospital expansion ³	313	352,900	9,100	18,400	325,400
Ipswich Hospital expansion - ³ Stage 1A	310	127,500	3,500	10,000	114,000
Logan Hospital expansion ³	311	460,871	10,242	7,500	443,129
Logan Hospital Maternity ⁴ Services upgrade	311	15,600	100	400	15,100
Caboolture Hospital multi-storey car park	313	46,610		1,650	44,960
Cairns Hospital Central Sterilising Department	306	1,000	721	279	
Cairns Hybrid Theatre	306	3,681	1,562	2,119	
Enhancing Regional Hospitals Program					
Gladstone Hospital Emergency Department	308	42,000	11,888	22,121	7,991
Roma Hospital redevelopment	307	98,100	33,682	56,448	7,970
Logan Hospital Maternity access road	311	3,048	45	335	2,668
Master planning studies	Various			2,157	Ongoing
Princess Alexandra Hospital cladding project	303	45,545	13,197	15,700	16,648
Princess Alexandra Hospital Rehabilitation Unit	303	3,000	1,646	1,354	
Priority Capital Program ⁵	Various			80,000	Ongoing
Queensland Children's Hospital Level 12 fitout	305	20,000	252	10,651	9,097

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Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Redcliffe Hospital carpark	313	36,780	1,296	27,015	8,469
Redland Hospital upgrade	301	1,730	365	1,365	
Rockhampton drug rehabilitation and treatment facility	308	9,500	134	988	8,378
Rural and Regional Infrastructure Package					
Blackall Hospital redevelopment	315	17,900	647	2,650	14,603
Cairns Hospital Mental Health Unit	306	70,000	1,354	2,805	65,841
Kingaroy Hospital ⁶ redevelopment	319	68,900	10,538	23,830	34,532
Maryborough Hospital Emergency Department	319	7,185	2,527	2,473	2,185
Maryborough Hospital Specialist Outpatients refurbishment	319	5,000	4,364	636	
Mer (Murray) Island building replacement	315	7,000	683	274	6,043
Sarina Hospital redevelopment	312	16,500	329	1,041	15,130
Townsville Hospital Clinical Services redevelopment	318	10,400	6,038	3,861	501
Staff accommodation program	Various	13,150	6,173	3,143	3,834
Significant Regional Infrastructure Projects Program					
Boulia Primary Health Care Centre refurbishment	315	7,243	1,902	3,890	1,451
South East Queensland - adolescent mental health facilities	Various	68,237	34,630	27,946	5,661
South East Queensland - Planning for Growth					
Caboolture Hospital Emergency Department expansion	313	19,600	17,968	1,484	148
Sunshine Coast University Hospital	316	1,872,151	1,792,125	2,740	77,286
Toowoomba Hospital redevelopment detailed business case	317	9,000	753	6,385	1,862
University of Queensland Oral Health Centre at Herston	305	4,699	4,280	119	300
Sub-total Hospital and Health Services				376,254	

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Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Other acquisitions of property, plant and equipment					
Building works capital project management	Various			850	Ongoing
Children's Health Queensland Imaging Informatics Program	305	5,900	2,976	2,924	
Emergent Works Program funding	Various	20,000		18,000	2,000
Gold Coast Medical Imaging Informatics Program	309	12,800	9,436	3,364	
Health technology equipment replacement	Various			4,334	Ongoing
Laboratory information systems	Various	60,905	33,035	17,717	10,153
Mareeba Hospital new CT scanner	306	5,000	300	3,494	1,206
Queensland Health external cladding taskforce project	Various	8,500	4,483	4,017	
Redcliffe Hospital MRI machine and second CT scanner	313	16,000		3,000	13,000
Regional eHealth	Various	34,950	28,056	6,894	
Statewide General Chemistry and Immunoassay Replacement and Automation Project	Various	16,511		13,010	3,501
Townsville Hospital MRI machine ⁷	318	2,350	1,919	431	
Minor capital projects and ⁸ acquisitions	Various			4,496	Ongoing
Sub-total Other acquisitions of property, plant and equipment				<u>82,531</u>	
Information and communications technology					
Information and communications technology	Various			92,117	Ongoing
Sub-total Information and communications technology				<u>92,117</u>	
Cairns and Hinterland					
Health technology equipment	306			4,789	Ongoing
Minor capital projects and acquisitions	306			3,096	Ongoing
BreastScreen van for Cairns	306	900		900	
Sub-total Cairns and Hinterland				<u>8,785</u>	

Capital Statement 2019-20

Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Central Queensland					
Health technology equipment	308			1,661	Ongoing
Minor capital projects and acquisitions	308			2,274	Ongoing
Sub-total Central Queensland				3,935	
Central West					
Health technology equipment	315			332	Ongoing
Minor capital projects and acquisitions	315			760	Ongoing
Sub-total Central West				1,092	
Children's Health Queensland					
Health technology equipment	305			1,764	Ongoing
Minor capital projects and acquisitions	305			1,668	Ongoing
Sub-total Children's Health Queensland				3,432	
Darling Downs					
Health technology equipment	317			2,925	Ongoing
Minor capital projects and acquisitions	317			3,518	Ongoing
ieMR - Toowoomba Hospital	317	1,400		1,400	
ieMR - additional commitment	317	4,500		4,500	
Toowoomba Hospital Renal Unit	317	3,287		3,287	
Sub-total Darling Downs				15,630	
Gold Coast					
Health technology equipment	309			7,972	Ongoing
Minor capital projects and acquisitions	309			3,543	Ongoing
Sub-total Gold Coast				11,515	
Mackay					
Health technology equipment	312			2,734	Ongoing
Minor capital projects and acquisitions	312			1,489	Ongoing
Proserpine Simulation Laboratory	312			100	Ongoing
Sub-total Mackay				4,323	

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Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Metro North					
Health technology equipment	302			16,042	Ongoing
Minor capital projects and acquisitions	302			14,365	Ongoing
Acute bed capacity at Redcliffe Hospital	313	8,436	8,306	130	
Caboolture additional 32-bed ward, Stage 2 ward fitout	313	8,560	8,471	89	
Nuclear Medicine Hot-Laboratory expansions	305	6,110	5,809	236	65
Redcliffe Operating Theatre Level 2	313	5,450	767	4,118	565
Redcliffe Hospital Day Procedure ⁵ Unit	313	2,694	120	2,574	
Royal Brisbane and Women's Hospital Queensland Sony You Can Centre	305	2,478	1,912	243	323
Royal Brisbane and Women's Hospital Health Support Queensland relocations	305	4,976	3,998	192	786
Sub-total Metro North				<u>37,989</u>	
Metro South					
Health technology equipment	303			16,741	Ongoing
Minor capital projects and ⁴ acquisitions	303			11,086	Ongoing
Logan Hospital Mental Health Clinical Decision Unit	311	1,531	70	1,461	
Logan Hospital modular hospital units	311	6,295	140	6,155	
Logan Hospital Maternity Services upgrade	311	2,275		2,275	
Sub-total Metro South				<u>37,718</u>	
North West					
Health technology equipment	315			592	Ongoing
Minor capital projects and acquisitions	315			869	Ongoing
Sub-total North West				<u>1,461</u>	

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Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
South West					
Health technology equipment	315			526	Ongoing
Minor capital projects and acquisitions	315			882	Ongoing
Waroona Dementia Wing	315	750		750	
Sub-total South West				<u>2,158</u>	
Sunshine Coast					
Health technology equipment	316			5,548	Ongoing
Minor capital projects and acquisitions	316			2,969	Ongoing
Sunshine Coast University Hospital Group 4 ICT Project	316	66,300	53,332	4,790	8,178
Sub-total Sunshine Coast				<u>13,307</u>	
Torres and Cape					
Health technology equipment	315			892	Ongoing
Minor capital projects and acquisitions	315			2,334	Ongoing
Sub-total Torres and Cape				<u>3,226</u>	
Townsville					
Health technology equipment	318			6,537	Ongoing
Minor capital projects and acquisitions	318			4,763	Ongoing
Townsville Hospital MRI machine ⁷	318	2,350		2,350	
Sub-total Townsville				<u>13,650</u>	
West Moreton					
Health technology equipment	310			2,371	Ongoing
Minor capital projects and acquisitions	310			2,537	Ongoing
Sub-total West Moreton				<u>4,908</u>	
Wide Bay					
Health technology equipment	319			1,569	Ongoing
Minor capital projects and acquisitions	319			2,125	Ongoing
Sub-total Wide Bay				<u>3,694</u>	

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Queensland Health¹

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Queensland Ambulance Service					
Building and general works					
Cairns Ambulance Station and Operations Centre redevelopment	306	5,600	414	900	4,286
Drayton new station and local ambulance service networks office	317	4,600	89	1,800	2,711
Southport Ambulance and Gold Coast Operations Centre redevelopment	309	6,200	200	300	5,700
Urraween new ambulance station	319	5,500	13	1,200	4,287
Kirwan replacement ambulance station	318	5,000	47	1,600	3,353
Mareeba replacement ambulance station	306	2,000	19	1,600	381
Munruben new ambulance station	311	4,000		50	3,950
Rockhampton Ambulance Stations and Operations Centre redevelopment	308	7,000	220	1,300	5,480
Yarrabilba new ambulance station	311	4,300	60	1,200	3,040
Minor works	Various			5,000	Ongoing
Strategic land acquisitions	Various			1,500	Ongoing
Ambulance vehicle purchases	Various			24,000	Ongoing
Information systems department	Various			6,428	Ongoing
Operational equipment	Various			8,827	Ongoing
Sub-total Building and general works				55,705	
Total Property, Plant and Equipment				773,430	

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Project	Queensland Health ¹		Total	Expenditure	Budget	Post
	Statistical		Estimated	to	2019-20	2019-20
	Area		Cost	30-06-19	2019-20	2019-20
			\$'000	\$'000	\$'000	\$'000
COUNCIL OF THE QUEENSLAND INSTITUTE OF MEDICAL RESEARCH						
Property, Plant and Equipment						
Other scientific equipment	305				4,316	Ongoing
Total Property, Plant and Equipment					4,316	
TOTAL QUEENSLAND HEALTH (PPE)					777,746	

Notes:

1. Total funding for the capital investment program is \$777.7 million including \$4.3 million funding for the Queensland Institute of Medical Research.
2. Total estimated cost may include both non-capital and capital components of project expenditure.
3. Total estimated cost includes funding of \$3 million from South East Queensland - Planning for Growth.
4. Total funding for the Logan Hospital Maternity Services upgrade is \$18.9 million which includes funding from the Building Better Hospitals Program, Metro South Hospital and Health Service funding, as well as minor capital projects and acquisitions funding.
5. Total funding for the Redcliffe Hospital Day Procedure Unit is \$10.1 million including \$7.4 million funding from the Priority Capital Program.
6. Total funding for the Kingaroy Hospital redevelopment is \$73.9 million including a \$5 million contribution from Darling Downs Hospital and Health Service.
7. Total funding for Townsville Hospital magnetic resonance imaging (MRI) machine is \$4.7 million including \$2.4 million from Townsville Hospital and Health Service.
8. Amount is net of non capital component of project expenditure.

The QIMR Berghofer capital program in 2019-20 will invest \$4.3 million for the acquisition of new and/or replacement state-of-the-art scientific equipment and research facilities.

3.19 QUEENSLAND POLICE SERVICE**Queensland Police Service**

Most new and ongoing capital initiatives to support the Queensland Police Service (QPS) operational capability are provided by the Public Safety Business Agency. This includes police facilities, motor vehicles, vessels and information and communication technology.

The QPS continues to be responsible for delivering operational equipment to maintain quality frontline services. In 2019-20, the QPS will invest \$24.6 million in capital purchases.

Program Highlights (Property, Plant and Equipment)

- \$3.9 million for Camera Detected Offence Program equipment.
- \$4.7 million for mobile capability and the development of new applications for QPS QLiTE mobile tablet devices.
- \$16.1 million for other plant and equipment, including the replacement of operational assets.

Queensland Police Service					
<u>Project</u>	<u>Statistical Area</u>	<u>Total Estimated Cost \$'000</u>	<u>Expenditure to 30-06-19 \$'000</u>	<u>Budget 2019-20 \$'000</u>	<u>Post 2019-20 \$'000</u>
QUEENSLAND POLICE SERVICE					
Property, Plant and Equipment					
Camera Detected Offence Program	Various			3,854	Ongoing
Mobile capability	Various			4,720	Ongoing
Other plant and equipment	Various			16,072	Ongoing
Total Property, Plant and Equipment				24,646	
TOTAL QUEENSLAND POLICE SERVICE (PPE)				24,646	

3.20 QUEENSLAND TREASURY**Queensland Treasury**

Queensland Treasury's capital purchases for 2019-20 are \$561,000. Total capital grants for the department are \$109.8 million.

Program Highlights (Property, Plant and Equipment)

- \$561,000 to complete the Office of State Revenue Transformation Program. This will enable the delivery of an upgraded information and communication technology platform and support improved revenue management services into the future.

Program Highlights (Capital Grants)

- \$109.8 million through the Queensland First Home Owners' Grant to assist first home buyers to enter the housing market.

Cross River Rail Delivery Authority

In 2019-20, the Cross River Rail Delivery Authority (Delivery Authority) has budgeted capital acquisitions of \$1.480 billion, which will be made through a combination of State and private finance contributions, and capital grants of \$49.7 million. During 2019-20 the Delivery Authority will finalise contract award and progress delivery and development associated with the Cross River Rail project.

Queensland Treasury					
<u>Project</u>	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
QUEENSLAND TREASURY					
Property, Plant and Equipment					
Office of State Revenue Transformation Program	305	17,739	17,178	561	
Total Property, Plant and Equipment				561	
Capital Grants					
Queensland First Home Owners' Grant	Various			109,839	Ongoing
Total Capital Grants				109,839	

Capital Statement 2019-20

Queensland Treasury

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
CROSS RIVER RAIL DELIVERY AUTHORITY					
Property, Plant and Equipment					
State contributions		5,409,000			
Private finance contributions		1,479,000			
Total		6,888,000			
Less capital grants		(162,196)			
Property plant and equipment	305	6,725,804	849,032	1,479,707	4,397,065
Total Property, Plant and Equipment				1,479,707	
Capital Grants					
Third party returnable works	305	162,196		49,658	112,538
Total Capital Grants				49,658	
TOTAL QUEENSLAND TREASURY (PPE)				1,480,268	
TOTAL QUEENSLAND TREASURY (CG)				159,497	

3.21 STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING

In 2019-20, the State Development, Manufacturing, Infrastructure and Planning portfolio, including Economic Development Queensland, South Bank Corporation and the Queensland Reconstruction Authority, has capital purchases of \$109.1 million and capital grants of \$348.2 million.

Department of State Development, Manufacturing, Infrastructure and Planning

The Department of State Development, Manufacturing, Infrastructure and Planning has capital purchases of \$13.7 million and capital grants of \$111.9 million in 2019-20 to support economic development in Queensland.

Program Highlights (Property, Plant and Equipment)

- \$12.3 million for State Development Area (SDA) acquisitions.

Program Highlights (Capital Grants)

- \$97.4 million through the Building our Regions program to fund critical infrastructure in regional areas.

Economic Development Queensland

In 2019-20, Economic Development Queensland has capital purchases of \$64.3 million.

Program Highlights (Property, Plant and Equipment)

- \$17.3 million for the urban renewal development at Northshore Hamilton.
- \$16.3 million to develop the Oxley Priority Development Area.
- \$15 million to develop Carseldine Urban Village and construct a pedestrian bridge.
- \$5 million for the proposed Cairns Regional Industrial Estate development.
- \$2.4 million for the industrial expansion at the Gladstone State Development Area.
- \$2.4 million for the Gold Coast Health and Knowledge Precinct.

South Bank Corporation

In 2019-20, South Bank Corporation has budgeted capital works expenditure totalling \$29.7 million to enhance the South Bank Parklands, the Corporation's commercial assets and the Brisbane Convention and Exhibition Centre.

Included in this amount is \$10.5 million as part of the Riverside Open Space, which will create a new green heart for South Bank where the Riverside Restaurants previously stood.

Queensland Reconstruction Authority

In 2019-20, the Queensland Reconstruction Authority has capital spend of \$1.3 million and capital grants of \$236.2 million to support the Queensland Government's program of infrastructure renewal and recovery within disaster-affected communities and help build disaster resilience across the State.

Program Highlights (Capital Grants)

- \$210.5 million for Natural Disaster Relief and Recovery Arrangements and Disaster Recovery Funding Arrangements will be paid to local government authorities for reconstruction, betterment and other projects relating to natural disaster events between 2017 and 2019. A total of up to 75% is funded by the Australian Government with the remainder funded by the Queensland Government.
- \$6.2 million for the Natural Disaster Resilience Program 2017-18 to support Queensland communities' resilience to natural disasters, funded jointly by the Australian Government and the Queensland Government.
- \$5.4 million for the Queensland Disaster Resilience Fund, a State-funded program delivering \$38 million over four years (\$36 million in capital grants and \$2 million in operating funds for the Strategic Floodplain Management Plan) to support delivery of disaster mitigation projects and initiatives that build resilience to natural disasters.
- \$13.3 million for extraordinary recovery and reconstruction projects following Severe Tropical Cyclone Debbie, including
 - \$2 million for the Proserpine Entertainment Centre.
 - \$1.8 million for the Whitsunday Regional Council administration building.
 - \$700,000 for the Toowoomba SES Operations Centre.
 - \$6.3 million for the Mackay Beaches and Bluewater Trail and Queens Park Revitalisation.
 - \$860,000 for the Airlie Beach Foreshore Revitalisation.
 - \$1.7 million for other resilience projects.

Program Highlights (Property, Plant and Equipment)

- \$1.3 million to develop a new grants management system to improve and simplify the administration of disaster-recovery grants.

State Development, Manufacturing, Infrastructure and Planning

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING					
Property, Plant and Equipment					
Other plant and equipment	Various			1,169	Ongoing
Grants management system	Various	1,702	1,472	230	
State Development Area (SDA) acquisitions	318	12,329		12,329	
Total Property, Plant and Equipment				13,728	
Capital Grants					
Building our Regions	Various	355,015	184,659	97,356	73,000
Other regional assistance programs	Various	90,153	80,665	9,488	
Roma Street Parklands	305			5,081	Ongoing
Total Capital Grants				111,925	
ECONOMIC DEVELOPMENT QUEENSLAND					
Property, Plant and Equipment					
Yeppoon Heritage Rail Station restoration	308	475		475	
Capricorn Coast Pineapple Rail-Trail extension	308	455		100	355
Student nurse accommodation - Roma	307	5,950		1,500	4,450
Carseldine Urban Village pedestrian bridge	302	900		900	
Yeronga Priority Development Area	303	8,033	4,254	564	3,215
Oxley Priority Development Area	310	33,045	4,138	16,333	12,574
Gold Coast Health and Knowledge Precinct	309	31,041	21,412	2,371	7,258
Northshore Hamilton	302	345,128	52,408	17,265	275,455
Yeerongpilly Green	303	66,730	52,508	1,890	12,332

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State Development, Manufacturing, Infrastructure and Planning					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Carseldine Urban Village	302	31,890	7,825	14,066	9,999
Townsville Regional Industrial Estate	318	6,925	4,425	200	2,300
Salisbury Plains Industrial Precinct	312	5,654	1,904	250	3,500
Sunshine Coast Industrial Park - stage 2	316	15,600	100	500	15,000
Cairns Regional Industrial Estate	306	10,000		5,000	5,000
Clinton Industrial Estate	308	11,028	778	500	9,750
Gladstone State Development Area	308	12,974	6,724	2,400	3,850
Total Property, Plant and Equipment				<u>64,314</u>	
SOUTH BANK CORPORATION					
Property, Plant and Equipment					
Parklands enhancement and replacement	305			9,830	Ongoing
Brisbane Convention and Exhibition Centre	305			7,342	Ongoing
Investment properties - other enhancements and replacements	305			1,905	Ongoing
Riverside open space	305	18,460	1,480	10,500	6,480
Car park upgrades and replacement	305			166	Ongoing
Total Property, Plant and Equipment				<u>29,743</u>	
QUEENSLAND RECONSTRUCTION AUTHORITY					
Property, Plant and Equipment					
Grants management and reporting system	302	4,706	3,440	1,266	
Total Property, Plant and Equipment				<u>1,266</u>	
Capital Grants					
Disaster recovery funding arrangements (local government authorities)	Various			210,548	Ongoing
Natural Disaster Resilience Program (jointly funded with the Australian Government)	Various	15,475	5,999	6,190	3,286
Disaster Resilience Fund	Various	36,000	2,100	5,400	28,500

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State Development, Manufacturing, Infrastructure and Planning					
Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Airlie Beach Foreshore Revitalisation Project	312	2,657	1,797	860	
Proserpine Entertainment Centre	312	5,775	1,732	2,022	2,021
Whitsunday Regional Council administration building	312	5,000	1,500	1,750	1,750
Toowoomba SES Operations Centre	317	1,000	300	700	
Mackay beaches	312	4,562	1,368	3,194	
Bluewater Trail and Queens Park revitalisation	312	8,864	2,659	3,105	3,100
Bowen Beach seawall	312	895	268	313	314
Bakers Road floodway	319	272	82	95	95
Wackford Street drainage	308	1,884	565	659	660
Logan City Council Flooded Road Warning System	311	880	264	308	308
Halifax flood mitigation levee	318	391	117	137	137
Other State-funded disaster resilience projects	Various	453	136	159	158
Community Preparedness Fund	Various	1,150	345	805	
Total Capital Grants				<u>236,245</u>	
TOTAL STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING (PPE)				<u>109,051</u>	
TOTAL STATE DEVELOPMENT, MANUFACTURING, INFRASTRUCTURE AND PLANNING (CG)				<u>348,170</u>	

3.22 TRANSPORT AND MAIN ROADS

In 2019-20, the total capital program for the Transport and Main Roads portfolio is \$4.096 billion, including capital purchases of \$3.879 billion and capital grants of grants of \$216.7 million. The portfolio includes the Department of Transport and Main Roads, Queensland Rail, Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited, RoadTek and the Gold Coast Waterways Authority.

Department of Transport and Main Roads

In 2019-20, the capital program totals \$3.094 billion for infrastructure investment across the State. The Queensland Government is committed to delivering an integrated, safe and efficient transport system that connects regional Queenslanders and other communities throughout the State.

Program Highlights (Property, Plant and Equipment)

- \$213.3 million to complete delivery of 75 new six car sets and ongoing accessibility modifications to comply with disability standards.
- \$186 million to widen the Bruce Highway from four to six lanes, Caloundra Road to the Sunshine Motorway, at a total estimated cost of \$812.9 million, in partnership with the Australian Government.
- \$119.9 million towards the new statewide public transport ticketing system at a total cost of \$371.1 million.
- \$108 million to construct bridges and approaches on the Bruce Highway (Haughton River Floodplain) south of Giru between Horseshoe Lagoon and Palm Creek, at a total cost of \$514.3 million, in partnership with the Australian Government.
- \$70 million towards the Rocklea to Darra Stage 1 project to provide a three kilometre upgrade of the Ipswich Motorway between Granard Road, Rocklea and Oxley Road, Oxley at a total cost of \$400 million, in partnership with the Australian Government.
- \$65.5 million to construct additional lanes on the Pacific Motorway between Mudgeeraba and Varsity Lakes, in partnership with the Australian Government.
- \$60 million to construct the Mackay Ring Road (Stage 1), at a total estimated cost of \$497.4 million, in partnership with the Australian Government.
- \$59.7 million to upgrade the Pacific Motorway/Gateway Motorway Merge, in partnership with the Australian Government.

- \$50 million to duplicate the North Coast Line between Beerburrum and Nambour to address rail infrastructure and capacity constraints. Project timing, potential staging and funding arrangements are subject to negotiations with the Australian Government.
- \$46.3 million to construct the Smithfield Bypass on the Captain Cook Highway between McGregor Road roundabout and Caravonica roundabout to ensure route continuity, at a total cost of \$152 million.
- \$37.9 million to duplicate from two to four lanes on the Bruce Highway (Cairns Southern Access Corridor Stage 3) from Collinson Creek in Edmonton as far as the vicinity of Wrights Creek near Gordonvale, at a total cost of \$481 million, in partnership with the Australian Government.
- \$35.9 million to duplicate from two to four lanes on a section of the Capricorn Highway between Rockhampton and Gracemere, at a total cost of \$75 million, in partnership with the Australian Government.
- \$30.3 million to widen from four to six lanes on the section of the Bruce Highway (Cairns Southern Access Corridor Stage 4) from Kate Street to Aumuller Street near the Port of Cairns and wharf precinct, at a total cost of \$104.1 million, in partnership with the Australian Government.
- \$29.1 million to duplicate from two to four lanes on the Bruce Highway Rockhampton Northern Access (Stage 1) between Rockhampton - Yeppoon Road and Parkhurst, at a total cost of \$121 million, in partnership with the Australian Government.
- \$28.6 million to widen, seal and apply wide-centreline treatment at various locations on the Warrego Highway between Dalby and Miles, at a total cost of \$63.6 million, in partnership with the Australian Government.
- \$20 million towards Mackay Northern Access Upgrade project on the Bruce Highway from Ron Camm Bridge to the Mackay Ring Road (Stage 1), at a total cost of \$110.6 million, in partnership with the Australian Government.
- \$20 million to enhance connectivity between the new Roma Street underground train station and the Inner Northern Busway, at a total cost of \$250 million.
- \$17.5 million to realign the Peak Downs Highway at Eton Range, at a total cost of \$189.3 million, in partnership with the Australian Government.
- \$15 million to continue pavement widening and strengthening works on the Landsborough Highway between Dingo Creek and Darr River, at a total cost of \$25 million, in partnership with the Australian Government.

- \$12.4 million to extend a three-metre wide V1 cycleway from Birdwood Road, Holland Park to Gaza Road, Tarragindi, at a total cost of \$42.7 million.
- \$11.3 million to seal sections of the Kennedy Developmental Road between Hughenden and The Lynd (Hann Highway), at a total cost of \$50 million, in partnership with the Australian Government.
- \$8.6 million to replace Coondoo Creek Bridge on Tin Can Bay Road near Gympie, at a total cost of \$14.8 million, in partnership with the Australian Government.
- \$8 million to construct the Everton Park Link Road connecting Stafford Road and South Pine Road, at a total cost of \$26 million.

Program Highlights (Capital Grants)

- \$70 million for the Transport Infrastructure Development Scheme (TIDS) to local governments including Aboriginal and Torres Strait Islander community assistance.
- \$18.5 million towards development of the cycle network throughout Queensland.
- \$17.1 million for the Queensland School Bus Upgrade Scheme to provide funding to eligible school bus operators to assist with the purchase of new buses or buses that are less than five years old.
- \$13 million to continue paving and sealing along Pasha Road in Moranbah from Eaglefield Road to Riverside Mine Road, at a total cost of \$16 million.

Gold Coast Waterways Authority

In 2019-20, the Gold Coast Waterways Authority has allocated \$6.3 million to improve management of, and provide better access to, the Gold Coast waterways, canals and rivers.

Program Highlights (Property, Plant and Equipment)

- \$4.3 million to improve the Gold Coast Seaway Sand Bypass system, including upgrading the electrical switching gear equipment and completion of the jetty deck upgrade.
- \$1.8 million to improve access and safety by dredging navigation channels and to improve accessibility and quality of waterways information.
- \$220,000 to provide boating infrastructure such as boat ramp and pontoon upgrades.

RoadTek

In 2019-20, RoadTek is allocating \$19 million to replace plant and equipment used in road construction and maintenance throughout Queensland.

Queensland Rail Limited

In 2019-20, \$638.6 million is allocated towards capital purchases for Queensland Rail.

Program Highlights (Property, Plant and Equipment)

\$254.4 million is provided towards projects that will grow or enhance the Queensland Rail network including:

- \$73.5 million to implement the European Train Control System – Inner City.
- \$29.5 million to upgrade the capacity of the North Coast Rail Line to increase productivity and efficiency of freight transport.
- \$15.2 million to improve station accessibility at Dakabin train station.
- \$10.7 million to continue investment to support the delivery of the New Generation Rollingstock into service.
- \$8.9 million to improve station accessibility at South Bank train station.
- \$6.3 million to continue track and tunnel upgrades between Brisbane and Toowoomba to cater for growing demand.

\$384.2 million to replace, renew and upgrade rail infrastructure, rollingstock, buildings, facilities, and other supporting assets including:

- \$207.9 million to invest in the network including track infrastructure, civil structures, signalling and other network assets.
- \$106.7 million to invest in rail operations including rollingstock overhauls, operational facilities, and other rail operations assets.
- \$52 million for business enabling investment on corporate, property and ICT works across Queensland.
- \$17.6 million to improve customer experience, maintain service continuity and build network resilience on the Townsville – Mount Isa Rail Line.

Far North Queensland Ports Corporation Limited

In 2019-20, Far North Queensland Ports Corporation Limited has allocated \$76.1 million to undertake new and continue existing development of its port in Far North Queensland.

Program Highlights (Property, Plant and Equipment)

- \$70.1 million towards the Cairns shipping development project which is for the dredging of Trinity Inlet shipping channel to facilitate cruise ship growth, with a total cost of \$127.6 million.

Gladstone Ports Corporation Limited

In 2019-20, Gladstone Ports Corporation Limited has allocated \$115.9 million to continue development of the Port of Gladstone, and additional works at the Port of Bundaberg and the Port of Rockhampton.

Program Highlights (Property, Plant and Equipment)

- \$36.8 million to continue upgrades at the RG Tanna Coal Terminal at the Port of Gladstone, at a total cost of \$258.2 million.
- \$32.4 million towards port services projects including East Shores Stage 1B and marina bulk earthworks, with a total cost of \$87.2 million.

North Queensland Bulk Ports Corporation Limited

In 2019-20, North Queensland Bulk Ports Corporation Limited has allocated \$20.8 million to continue port planning and development initiatives to meet industry requirements for export facilities.

Program Highlights (Property, Plant and Equipment)

- \$7.8 million to relocate Mackay tug berth facilities to provide a permanent fit for purpose berthing facility which is fully designed for the safe berthing of the tugs currently in operation and which can suit the potential future larger tug fleet, at a total cost of \$8 million.

Port of Townsville Limited

In 2019-20, Port of Townsville Limited has allocated \$124.5 million to continue development at the Port of Townsville, and additional works at the Port of Lucinda.

Program Highlights (Property, Plant and Equipment)

- \$83.8 million to continue dredging and reclamation works to widen the shipping channels for access by larger vessels, at a total cost of \$193.5 million. This is Stage 1 of the Townsville Port Expansion Project.
- \$17.5 million to procure and commission a Berth 4 ship-to-shore crane and to continue development of associated cargo terminal areas to cater for future trade growth, at a total cost of \$29.3 million.

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF TRANSPORT AND MAIN ROADS					
Property, Plant and Equipment					
South Coast District					
Beaudesert - Beenleigh Road, various safety treatments	311	12,000	5,500	5,000	1,500
Greenbank bus facility park 'n' ride upgrade	311	21,000	2,409	2,281	16,310
Mount Lindesay Highway (Brisbane - Beaudesert), Camp Cable Road - Johanna Street, four lane upgrade	311	20,000	3,100	12,000	4,900
Mount Lindesay Highway (Brisbane - Beaudesert), Greenbank Road, North Maclean, improve intersection	311	20,000	10,061	9,939	
Mount Lindesay Highway (Brisbane - Beaudesert), Rosia Road - Stoney Camp Road, four lane upgrade	311	20,000	800	16,200	3,000
Mount Lindesay Highway (Brisbane - Beaudesert), Stockleigh Road, South Maclean, improve intersection	311	14,000	3,440	7,560	3,000

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Pacific Motorway (M1), ^{1,2} Mudgeeraba to Varsity Lakes upgrade	309	197,500	123,216	65,479	8,805
Pacific Motorway (Rochedale ^{3,4} South), Miles Platting Road - Rochedale Road (Gateway Merge)	311	195,300	113,427	59,720	22,153
Pacific Motorway (M1), Eight Mile ⁵ Plains to Daisy Hill, widening and busway extension	311	749,000	23,438	25,312	700,250
Pacific Motorway (M1), Exit 57 ¹ (Oxenford) interchange upgrade	309	25,000	3,000	12,000	10,000
Pacific Motorway (M1), Varsity ^{1,5} Lakes to Tugun, widen to six lanes	309	1,030,000	16,151	45,000	968,849
Veloway 1 (V1) Cycleway, Logan Road (Levington Road - Kingston Road), construct cycleway	311	4,000	500	3,500	
Other South Coast construction	309	58,436		58,436	
Sub-total South Coast District				322,427	
Metropolitan District					
Centenary Motorway, Sumners ¹ Road interchange upgrade	304	80,000	10,484	16,000	53,516
Cleveland - Redland Bay Road (Cleveland), Anita Street, intersection upgrade	301	5,000	500	3,000	1,500
Eight Mile Plains bus station park 'n' ride upgrade	303	4,500	1,448	2,441	611
Everton Park Link Road (Stafford Road - South Pine Road), construct new link road	302	26,000	1,629	8,000	16,371
Ipswich Motorway, Rocklea to ³ Darra (Stage 1)	310	400,000	162,310	70,000	167,690
Linkfield Connection Road, (Gympie Arterial Road), extend on-ramp	302	3,186	271	2,287	628

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
North Brisbane Bikeway (Stages 2, 3 and 4), Somerset Street - Rigby Street and Rigby Street - Price Street, design and construct cycle facilities	305	17,180	5,762	5,300	6,118
Northern Transitway	302	53,000	2,686	2,560	47,754
Roma Street busway interchange	305	250,000		20,000	230,000
Veloway 1 (V1), Stage E, Birdwood Road - Gaza Road, construct cycleway	303	42,695	14,412	12,413	15,870
Other Metropolitan construction	Various	64,557		64,557	
Sub-total Metropolitan District				206,558	
North Coast District					
Brisbane - Woodford Road, Dixon Street, improve intersection	314	3,500	466	3,034	
Bruce Highway (Brisbane - Gympie), Deception Bay Road interchange upgrade	313	150,000	6,253	36,847	106,900
Bruce Highway (Brisbane - Gympie), Maroochydore Road interchange upgrade	316	301,250	43,232	40,000	218,018
Bruce Highway safety barrier installation	Various	79,790	58,050	21,740	
Bruce Highway, Caloundra Road to Sunshine Motorway	316	812,948	499,194	186,000	127,754
Burpengary - Caboolture Road and Beerburrum Road, improve intersections	313	28,800	8,700	9,500	10,600
Caboolture - Bribe Island Road (Old Toorbul Point Road), intersection signalisation	313	10,400	450	5,665	4,285
Caboolture Connection Road, improve intersections	313	7,555	3,034	2,833	1,688
Deception Bay Road (Rothwell), Morris Road, improve intersection	313	6,000	296	4,954	750
Dohles Rocks Road boat ramp, upgrade boating infrastructure	314	1,500	200	1,300	
North Coast Line - Beerburrum to ⁶ Nambour Rail Upgrade	316	550,791	3,500	49,971	497,320

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Redcliffe Road, Anzac Avenue / Gympie Road / Dayboro Road (Petrie roundabout), improve intersection	314	30,000	1,500	10,500	18,000
Scarborough Boat Harbour, construct barge ramp	313	4,000	132	3,868	
Other North Coast construction	316	94,610		94,610	
Sub-total North Coast District				470,822	
Wide Bay Burnett District					
Bruce Highway (Gin Gin - Benaraby), Gin Gin, widening and intersection upgrades	319	8,630	4,418	3,567	645
Bruce Highway (Gympie - Maryborough), Tinana, construct overtaking lanes	319	14,700	930	6,062	7,708
Bruce Highway (Gympie - Maryborough), various locations, improve intersections	319	7,560	1,076	4,000	2,484
Bruce Highway (Maryborough - Gin Gin), Apple Tree Creek, improve intersections	319	12,640	1,133	2,877	8,630
Bruce Highway (Maryborough - Gin Gin), North of Mixhills Road - South of Walla Island Road, construct overtaking lanes	319	10,260	711	8,214	1,335
Bruce Highway (Maryborough - Gin Gin), Maryborough Showgrounds and Howard Heights Road, improve intersections	319	9,780	2,409	4,713	2,658
Bruce Highway (Gympie - Maryborough), Fleming Road - Fishermans Pocket Road, improve intersections	319	11,470	4,982	4,848	1,640
Bundaberg - Gin Gin Road, Burnett River Traffic Bridge rehabilitation	319	28,550	21,046	5,000	2,504
Tin Can Bay Road (Gympie), ⁷ Coondoo Creek Bridge replacement	319	14,821	1,876	8,630	4,315

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Other Wide Bay Burnett construction	319	81,882		81,882	
Sub-total Wide Bay Burnett District				129,793	
Darling Downs District					
New England Highway (Yarraman ⁷ - Toowoomba), Emu Creek Bridge upgrade	307	9,263	1,206	8,057	
New England Highway (Yarraman - Toowoomba), Ruthven Street and North Street intersection improvements	317	6,446	657	5,189	600
Toowoomba - Cecil Plains Road, realign Oakey - Pittsworth Road approaches	307	3,235	363	2,872	
Warrego Highway (Dalby - Miles), ⁸ Oakey - Miles, safety upgrade	307	43,510	33,208	8,195	2,107
Warrego Highway (Dalby - Miles), ⁸ various locations, widen and seal shoulders	307	11,653	1,865	8,277	1,511
Warrego Highway (Dalby - Miles), ⁸ widening and apply wide centre line treatment	307	63,640	16,391	28,559	18,690
Warrego Highway, Chinchilla Rail ⁸ Crossing Upgrade	307	19,040	5,172	12,110	1,758
Other Darling Downs construction	307	121,359		121,359	
Sub-total Darling Downs District				194,618	
South West District					
Carnarvon Highway (Injune - ⁷ Rolleston), pavement widening and five culvert extensions	307	2,880	245	1,635	1,000
Carnarvon Highway (St George - ⁷ Surat), pavement widening and four culvert extensions	307	4,400	480	2,470	1,450
Landsborough Highway (Morven - Augathella), pavement rehabilitation and stabilisation	315	2,200	32	1,783	385
Noondoo - Thallon Road, Moonie River, construct new bridge and approaches	307	7,589	1,043	6,546	

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Warrego Highway (Miles - Roma), pavement rehabilitation and stabilisation	307	2,521	83	2,438	
Other South West construction	315	21,359		21,359	
Sub-total South West District				36,231	
Fitzroy District					
Bajool - Port Alma Road, ⁹ pavement widening and safety upgrades	308	14,500	4,138	10,362	
Bruce Highway (Benaraby - Rockhampton), Benaraby - Calliope River, widen pavement	308	40,263	8,368	21,421	10,474
Bruce Highway (Benaraby - Rockhampton), Calliope River - Mount Larcom, widen pavement	308	17,560	660	3,825	13,075
Bruce Highway (Benaraby - Rockhampton), Gentle Annie Road and St Arnauds Creek, widen pavement	308	26,660	817	12,334	13,509
Bruce Highway (Rockhampton - St Lawrence), Neilsen Avenue - Plentiful Creek, widen pavement	308	18,271	950	12,434	4,887
Bruce Highway (Rockhampton - St Lawrence), Plentiful Creek, construct overtaking lanes	308	9,435	866	6,900	1,669
Bruce Highway (Rockhampton - St Lawrence), Rockhampton Northern Access Upgrade (Stage 1)	308	121,001	58,239	29,062	33,700
Bruce Highway (Rockhampton - St Lawrence), Terranova Drive, improve intersection	308	36,048	7,000	15,000	14,048
Capricorn Highway (Rockhampton - Emerald), Gracemere - Emerald, overtaking lanes	308	19,000	2,000	16,800	200
Capricorn Highway duplication ⁹ (Rockhampton - Gracemere)	308	74,990	9,512	35,888	29,590
Corbetts Landing boat ramp and floating walkway	308	1,400	100	1,300	

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Gladstone - Benaraby Road, Philip ¹⁰ Street, duplicate lanes	308	20,000	850	19,150	
Gladstone - Benaraby Road, Dalrymple Drive - Bruce Highway, various safety treatments	308	20,400	8,022	9,400	2,978
Rockhampton Road Train Access ^{3,11} (Stage 2)	308	30,000	14,870	14,940	190
Thompson Point boat ramp and floating walkway	308	2,000	200	1,800	
Other Fitzroy construction	308	76,710		76,710	
Sub-total Fitzroy District				287,326	
Central West District					
Capricorn Highway (Alpha - Barcaldine), pavement rehabilitation	315	2,600	61	2,539	
Kennedy Developmental Road ¹² (Winton - Boulia), pavement widening and sealing	315	4,825		1,240	3,585
Kennedy Developmental Road ¹² (Winton - Boulia), pavement widening and sealing	315	3,875		3,875	
Kennedy Developmental Road (Winton - Boulia), pavement rehabilitation	315	5,131	2,717	2,414	
Landsborough Highway ⁹ (Longreach - Winton), Dingo Creek - Darr River, pavement strengthening and widening	315	24,980	9,950	15,030	
Other Central West construction	315	25,120		25,120	
Sub-total Central West District				50,218	
Mackay Whitsunday District					
Bowen Boat Harbour breakwaters extension	312	3,200	100	3,100	
Bowen Developmental Road ⁹ (Collinsville - Belyando Crossing), Rockingham Creek - Mount Coolon, pave and seal	312	28,750	4,131	6,000	18,619

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Bruce Highway (Mackay - Proserpine), Hampden - Kuttabul, widening formation and rehabilitation	312	28,430	2,486	2,523	23,421
Bruce Highway (Mackay - Proserpine), Mackay Northern Access, construct additional lanes	312	110,565	11,500	20,000	79,065
Bruce Highway (St Lawrence - Mackay), Sarina Northern Access, construct roundabout	312	14,363	4,281	4,400	5,682
Mackay Ring Road (Stage 1)	312	497,375	215,343	60,000	222,032
Molongle Creek channel deepening	312	9,000	1,256	3,438	4,306
Peak Downs Highway (Clermont - ⁹ Nebo), Wuthung Road - Caval Ridge Mine, widen pavement	312	35,000	1,481	7,000	26,519
Peak Downs Highway, Eton ¹³ Range Realignment	312	189,264	111,177	17,500	60,587
Shute Harbour Road boating ¹⁴ facilities	312	3,500	715	1,285	1,500
Other Mackay Whitsunday construction	312	64,343		64,343	
Sub-total Mackay Whitsunday District				189,589	
Northern District					
Bruce Highway (Ayr - Townsville), Haughton River Floodplain, construct bridges and approaches	318	514,335	60,000	108,031	346,304
Bruce Highway (Ayr - Townsville), Mailman Road - Mackenzie Creek, widen and seal	318	23,400	1,925	6,234	15,241
Bruce Highway (Ayr - Townsville), Mailman Road - Mackenzie Creek, construct overtaking lanes	318	11,295	55	5,372	5,868
Bruce Highway (Townsville - Ingham), Bluewater Station Road and Forestry Road / Toolakea Beach Road, improve intersections	318	6,600	8	3,057	3,535

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Bruce Highway (Townsville - Ingham), Deep Creek - Bluewater Creek, pavement widening	318	9,431	802	5,476	3,153
Bruce Highway (Townsville - Ingham), Two Mile Creek - Sleeper Log Creek, construct overtaking lanes	318	6,100	1,176	2,725	2,199
Gregory Developmental Road (Charters Towers - The Lynd), rehabilitate and widen	318	45,410	26,702	7,278	11,430
Other Northern construction	318	56,670		56,670	
Sub-total Northern District				194,843	
North West District					
Barkly Highway (Cloncurry - Mount ⁹ Isa), improve intersections	315	8,273	3,430	4,843	
Gregory Downs - Camooweal Road, paving and sealing unsealed road	315	4,500	1,200	3,300	
Kennedy Developmental Road ^{9.15} (The Lynd - Hughenden), Hann Highway, seal sections	315	50,000	34,411	11,289	4,300
Other North West construction	315	33,461		33,461	
Sub-total North West District				52,893	
Far North District					
Bruce Highway (Ingham - Innisfail), various locations, improve intersections	306	3,959	252	2,871	836
Bruce Highway (Innisfail - Cairns), Cairns Southern Access Corridor (Stage 3), Edmonton to Gordonvale, duplicate two to four lanes	306	481,000	36,745	37,895	406,360
Bruce Highway (Innisfail - Cairns), Cairns Southern Access Corridor (Stage 4), Kate Street to Aumuller Street, widen four to six lanes	306	104,070	29,736	30,301	44,033

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Burke Developmental Road ¹¹ (Normanton - Dimbulah), Chillagoe - Almaden (Package 1), pavement widening	315	4,734	741	2,877	1,116
Burke Developmental Road (Normanton - Dimbulah), Chillagoe - Almaden (Package 2), pavement widening	315	2,726	482	2,244	
Cairns Western Arterial Road, ¹⁶ Harley Street intersection upgrade	306	16,357	337	3,353	12,667
Captain Cook Highway (Cairns - Mossman), various locations, safety improvements	306	21,917	3,628	3,826	14,463
Clump Point boat ramp (Mission Beach), upgrade boating infrastructure	306	23,326	6,229	17,097	
Newell boat ramp (north bank of Mossman River), upgrade boating infrastructure	306	3,200	220	1,000	1,980
Peninsula Developmental Road ¹⁷ (Coen - Weipa), Stage 2, Telecom Tower - Archer River, pave and seal	315	20,500	5,992	14,508	
Smithfield Bypass, construct ¹ bypass to a sealed standard	306	152,000	31,029	46,275	74,696
Other Far North construction	306	63,761		63,761	
Sub-total Far North District				226,008	
State Wide District					
Bruce Highway, Additional Electric ¹⁸ Vehicle Charging Stations Program	Various	2,500		2,500	
Maritime safety minor works	Various			6,823	Ongoing
New Generation Rollingstock ¹⁹	310	4,155,705	1,341,398	213,285	2,601,022
Transport Corridor Acquisition Fund	Various			60,430	Ongoing
Other Statewide construction	Various	76,419		76,419	
Sub-total State Wide District				359,457	

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Other Property, Plant and Equipment Corporate buildings	Various			8,000	Ongoing
Information technology	Various			17,483	Ongoing
Plant and equipment	Various			11,354	Ongoing
New public transport ticketing system	Various	371,060	69,964	119,863	181,233
Sub-total Other Property, Plant and Equipment				156,700	
Total Property, Plant and Equipment				2,877,483	
Capital Grants					
Black Spot Program	Various			12,178	Ongoing
Bridges Renewal Program	Various	70,534	59,114	9,547	1,873
Bus Stop Shelter Program	Various	20,000	1,000	5,500	13,500
Cape York Region Package ¹⁷	315	50,338	48,674	1,664	
Cycling Program	Various			18,481	Ongoing
Eastern Transitway	303	22,000	1,033	1,893	19,074
Heavy vehicle safety and ⁷ productivity	Various			7,966	Ongoing
Off-Network - road projects	Various	60,313	50,359	5,574	4,380
Pasha Road (Moranbah), pave and seal	312	16,000	3,000	13,000	
Passenger Transport Facilities Program	Various			7,214	Ongoing
Queensland school bus upgrades	Various			17,149	Ongoing
Regional Roads Infrastructure Package	Various	8,302	3,293	5,009	
Reid Park Active Transport Bridge	318	7,400		4,000	3,400
School Transport Infrastructure Program	Various	20,000		7,000	13,000
Transport Infrastructure Development Scheme	Various			70,000	Ongoing
Wheelchair Accessible Taxi Sustainability Program	Various	20,890		4,567	16,323
Other capital grants	Various	26,000		26,000	
Total Capital Grants				216,742	

Capital Statement 2019-20

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
GOLD COAST WATERWAYS AUTHORITY					
Property, Plant and Equipment					
Navigation access and safety	309	13,246	5,751	1,795	5,700
Boating Infrastructure Program	309	3,545	375	220	2,950
Plant, equipment and minor works	309	8,944	1,899	4,295	2,750
Total Property, Plant and Equipment				<u>6,310</u>	
ROADTEK					
Property, Plant and Equipment					
Construction plant works	Various			19,000	Ongoing
Total Property, Plant and Equipment				<u>19,000</u>	
QUEENSLAND RAIL LIMITED					
Property, Plant and Equipment					
Growth					
Breakfast Creek Bridge realignment	305	40,200		5,000	35,200
European Train Control System Level 2 - Inner city works	305	634,380	61,891	73,540	498,949
Mayne Yard accessibility	305	97,300		2,000	95,300
Mayne Yard - relocation	305	22,400		6,000	16,400
Moolabin Power upgrade	303	18,000		1,000	17,000
New Generation Rollingstock - power distribution	Various	48,404	35,650	9,842	2,912
New Generation Rollingstock - station compatibility	Various	13,734	13,058	676	
Other New Generation Rollingstock - operational readiness projects	Various	192		192	
North Coast Line capacity improvement project	Various	68,224	9,274	29,450	29,500
Bridge pier protection	Various	4,000		1,000	3,000
Relocation of network operations (Stage 1)	Various	41,476	3,170	24,446	13,860
Relocation of Roma Street operations	305	15,009	2,928	12,081	
Toowoomba Range capacity and clearance upgrades	317	77,320	70,975	6,345	
Yeppoon Rail Line upgrade	308	5,046	3,953	1,093	

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Other Central train station upgrades	305	1,459		193	1,266
Albion train station upgrade	305	17,078	1,138	1,793	14,147
Auchenflower train station upgrade	305	43,997	1,577	4,480	37,940
Boondall train station upgrade	302	19,422	11,016	5,626	2,780
Buranda train station upgrade	303	29,097	1,279	3,279	24,539
Cannon Hill train station upgrade	303	26,668	1,311	4,102	21,255
Dakabin train station upgrade	314	41,899	2,092	15,248	24,559
East Ipswich train station upgrade	310	34,812	1,023	6,454	27,335
Morayfield train station upgrade	313	21,685	13,209	5,984	2,492
South Bank train station upgrade	305	11,080	2,230	8,850	
Strathpine train station upgrade	314	28,366	14,605	7,945	5,816
Fairfield train station - Salisbury train station upgrades	303	57,000		2,000	55,000
Darra train station park 'n' ride ²⁰	310	8,770	2,914	273	5,583
Geebung train station park 'n' ride ²⁰	302	3,100	160	427	2,513
Lawnton train station park 'n' ride ²⁰	314	10,400	2,739	594	7,067
Lindum train station park 'n' ride ²⁰	301	5,000	230	216	4,554
Salisbury train station park 'n' ride ²⁰	303	14,500	4,010	273	10,217
Springfield Central train station ²⁰ park 'n' ride	310	44,500	550	2,361	41,589
Virginia train station park 'n' ride ²⁰	302	2,300	164	370	1,766
Other rail projects ²¹	Various			11,278	Ongoing
Sub-total Growth				254,411	
Network					
Below rail cost optimisation ²²	Various			14,203	Ongoing
Below rail operational ²² performance	Various			193,673	Ongoing
Townsville - Mount Isa Rail Line	Various			17,647	Ongoing
Sub-total Network				225,523	
Rail Operations					
Above rail cost optimisation ²³	Various			5,713	Ongoing
Above rail operational ²³ performance	Various			101,010	Ongoing
Sub-total Rail Operations				106,723	
Business Enabling					
Customer service and innovation program	Various			7,786	Ongoing
Safety program	Various			5,019	Ongoing

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Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
Workforce productivity program	Various			3,059	Ongoing
Other enabling programs	Various			36,114	Ongoing
Sub-total Business Enabling				51,978	
Total Property, Plant and Equipment				638,635	

FAR NORTH QUEENSLAND PORTS CORPORATION LIMITED

Property, Plant and Equipment					
Cairns shipping development project	306	127,600	57,506	70,094	
Foreshore development	306	19,576	19,276	200	100
Marlin Marina reconfiguration and expansion	306	4,843	1,893	1,850	1,100
Mourilyan lease acquisitions	306	966	300	333	333
Tingira street subdivision development	306	14,799	4,799	2,000	8,000
Plant, equipment and minor works	306	4,338		1,636	2,702
Total Property, Plant and Equipment				76,113	

GLADSTONE PORTS CORPORATION LIMITED

Property, Plant and Equipment					
RG Tanna Coal Terminal Projects					
Process control systems, stockpile management and upgrades	308	168,025	11,065	25,617	131,343
Capacity maximisation	308	2,900	1,500	1,400	
Conveyor life extension	308	87,318	7,764	9,778	69,776
Auckland Point berth 1 projects	308	14,340	210	630	13,500
Auckland Point berth 4 projects ²⁴	308	25,285	1,930	8,355	15,000
Barney Point projects	308	1,600	425	1,175	
Fisherman's Landing projects	308	31,935	400	3,085	28,450
Marina projects	308	2,400		1,000	1,400
Port Alma projects	308	2,500		2,500	
Port of Bundaberg projects	319	4,875	1,267	1,608	2,000
Port services projects	308	87,233	31,305	32,408	23,520
Quarry projects	308	5,350		1,800	3,550
South Trees projects	308	7,200		1,800	5,400
Information systems projects	308	57,473	3,257	18,356	35,860
Plant, equipment and minor works	308	22,265	955	6,422	14,888
Total Property, Plant and Equipment				115,934	

Capital Statement 2019-20

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
Abbot Point Port Development General	312	15,031	171	980	13,880
Autoclaves replacement	312	4,560		2,280	2,280
Hay Point Port Development General	312	2,557	543	94	1,920
Louisa Creek Acquisition Program	312	5,195	237	1,052	3,906
Mackay Northern Access Road	312	2,571	76	2,495	
Mackay Port Development General	312	30,228	1,826	2,387	26,015
Mackay Tug Berth Facilities Stage 1	312	8,000	216	7,784	
Mackay water network enhancements	312	3,250	95	755	2,400
Pilotage Upgrade and Replacements	312	7,909		48	7,861
Upgrade of Hay Point VTS building	312	678	8	520	150
Weipa Port Development General	315	1,160		700	460
Transformer project ERP implementation	312	3,000		1,500	1,500
Business improvement (information technology)	312	2,187	47	250	1,890
Total Property, Plant and Equipment				20,845	
PORT OF TOWNSVILLE LIMITED					
Property, Plant and Equipment					
Berth 4 cranes and cargo terminal area	318	29,306	4,249	17,464	7,593
Channel capacity upgrade	318	193,460	21,141	83,831	88,488
Road network upgrades	318	20,867	285	10,132	10,450
Wharf facilities upgrades	318	19,649	663	4,900	14,086
Plant, equipment and minor works	318	17,326		8,147	9,179
Total Property, Plant and Equipment				124,474	
TOTAL TRANSPORT AND MAIN ROADS (PPE)				3,878,794	
TOTAL TRANSPORT AND MAIN ROADS (CG)				216,742	

Notes:

1. Part of the State Infrastructure Fund.
2. Indicative total project cost to be confirmed. The Australian Government contribution capped at \$110 million, with the Queensland Government to fund the balance. Queensland Government contribution includes \$44 million from the State Infrastructure Fund.
3. Part of the State Infrastructure Fund - Priority Economic Works and Productivity Program.
4. The Australian Government contribution capped at \$115 million, with the Queensland Government to fund the balance. The Queensland Government contribution includes \$42 million from the State Infrastructure Fund - Priority Economic Works and Productivity Program.
5. Funding arrangements subject to negotiations with the Australian Government.
6. Indicative total project cost subject to confirmation. Project timing, potential staging and funding arrangements subject to negotiations with the Australian Government.
7. Part of the Australian Government's Heavy Vehicle Safety and Productivity Program, jointly funded by the Australian Government and Queensland Government.
8. Part of the \$635 million Warrego Highway Upgrade Package to upgrade the Warrego Highway between Toowoomba and Miles.
9. Part of the Northern Australia Roads Program.
10. This project is fully-funded by the Australian Government.
11. Part of the Northern Australia Beef Roads Program.
12. Part of the Australian Government's commitment to the Outback Way, jointly funded by the Australian Government and Queensland Government.
13. The Australian Government will fund 100% of the project cost up to \$166 million. The Queensland Government will contribute up to \$23 million (if required) for costs above \$166 million.
14. Project is subject to council agreement.
15. The scope of this work also falls within Etheridge Shire Council, with funding for this project only represented in North West District. Project is part of the Australian Government's Northern Australia Roads Program, jointly funded by the Australian Government and Queensland Government.
16. Part of the State Infrastructure Fund - Significant Regional Infrastructure Projects and Program.
17. Part of the Cape York Region Package.
18. Represents the Queensland Government's funding contribution, as per the Future Proofing the Bruce Policy.
19. This project is being delivered under a Public Private Partnership arrangement (PPP).
20. The project is jointly delivered by Queensland Rail and Department of Transport and Main Roads.
21. 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.
22. Below Rail includes track infrastructure.
23. Above Rail includes stations, platforms and rollingstock.
24. Selected Auckland Point berth 4 projects remain subject to shareholding Ministers' approval.

All Projects - Total estimated cost is inclusive of both non-capital and capital components of project expenditure.

3.23 YOUTH JUSTICE**Department of Youth Justice**

The capital works program for the Department of Youth Justice is \$51.9 million in 2019-20.

Program highlights (Property, Plant and Equipment)

- \$23.9 million of a total \$27 million to build 16 more beds at Brisbane Youth Detention Centre.
- \$9.7 million to undertake early works on the development of a new 32 bed youth detention centre at Wacol. A further \$140 million will be held centrally for the remaining estimated cost of the project.
- \$8.5 million of a total \$33.6 million to complete the security management system at Brisbane Youth Detention Centre.
- \$6.1 million of a total \$26 million to support the transition of 17 year olds into the youth justice system, including the completion of zonal fencing projects and fire system upgrades at existing youth detention centres.

Youth Justice

Project	Statistical Area	Total Estimated Cost \$'000	Expenditure to 30-06-19 \$'000	Budget 2019-20 \$'000	Post 2019-20 \$'000
DEPARTMENT OF YOUTH JUSTICE					
Property, Plant and Equipment					
Brisbane Youth Detention Centre - 16 additional beds	310	27,008	150	23,858	3,000
New youth detention centre - 32 bed ¹ construction project	310	10,000	300	9,700	
Brisbane Youth Detention Centre - security management system	310	33,609	25,119	8,490	
Transition of 17 year olds to the youth justice system	Various	25,986	19,860	6,126	
Youth Justice Facilities Program	Various			3,740	Ongoing
Total Property, Plant and Equipment				<u>51,914</u>	
TOTAL YOUTH JUSTICE (PPE)				<u>51,914</u>	

Note:

1. A further \$140 million will be held centrally for the remaining estimated cost of the project.

Appendices

Appendix A: Entities included in capital outlays 2019-20

Aboriginal and Torres Strait Islander Partnerships

Department of Aboriginal and Torres Strait Islander Partnerships

Agriculture and Fisheries

Department of Agriculture and Fisheries

Queensland Racing Integrity Commission

Child Safety, Youth and Women

Department of Child Safety, Youth and Women

Communities, Disability Services and Seniors

Department of Communities, Disability Services and Seniors

Education

Department of Education

Queensland Curriculum and Assessment Authority

Electoral Commission of Queensland

Employment, Small Business and Training

Department of Employment, Small Business and Training

TAFE Queensland

Environment and Science

Department of Environment and Science

Library Board of Queensland

Queensland Art Gallery

Queensland Museum

Queensland Performing Arts Trust

Housing and Public Works

Department of Housing and Public Works

CITEC

Queensland Shared Services

Stadiums Queensland

Innovation, Tourism Industry Development and Commonwealth Games

Department of Innovation, Tourism Industry Development and Commonwealth Games

Justice and Attorney General

Department of Justice and Attorney General

Public Trustee of Queensland

Legal Aid Queensland

Crime and Corruption Commission

Legislative Assembly of Queensland

Local Government, Racing and Multicultural Affairs

Department of Local Government, Racing and Multicultural Affairs

Natural Resources, Mines and Energy

Department of Natural Resources, Mines and Energy

CleanCo Queensland Limited

CS Energy Limited

Energy Queensland

Powerlink Queensland

Stanwell Corporation Limited

Gladstone Area Water Board

Mount Isa Water Board

Seqwater

SunWater Limited

Premier and Cabinet

Department of the Premier and Cabinet

Public Safety Business Agency

Queensland Corrective Services

Queensland Fire and Emergency Services

Queensland Health

Queensland Health and Hospital and Health Services

Council of the Queensland Institute of Medical Research

Queensland Ambulance Service

Queensland Police Service

Queensland Treasury

Queensland Treasury

Cross River Rail Delivery Authority

State Development, Manufacturing, Infrastructure and Planning

Department of State Development, Manufacturing, Infrastructure and Planning

Economic Development Queensland

Queensland Reconstruction Authority

South Bank Corporation

Transport and Main Roads

Department of Transport and Main Roads

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

Youth Justice

Department of Youth Justice

Appendix B: Key concepts and coverage

Coverage of the capital statement

Under accrual output budgeting, capital is the stock of assets including property, plant and equipment and intangible assets that any agency owns and/or controls and uses in the delivery of services, as well as capital grants made to other entities. The following definitions are applicable throughout this document:

- **capital purchases** – property, plant and equipment outlays as per the financial statements excluding asset sales, depreciation and revaluations
- **capital grants** – capital grants to other entities and individuals (excluding grants to other government departments and statutory bodies).

Capital contingency

Consistent with the approach adopted in previous years, a capital contingency reserve has been included. This reserve recognises that while agencies budget to fully use their capital works allocation, circumstances such as project lead-in times, project management constraints, unexpected weather conditions and capacity constraints such as the supply of labour and materials may prevent full usage. On a whole-of-government basis, there is likely to be underspending, resulting in a carry-over of capital allocations.

Estimated jobs supported by capital works

The \$12,941 billion capital works program in 2019-20 is estimated to directly support 40,500 jobs, equating to around 37,800 full-time equivalent jobs. The estimate of jobs supported by the Government's capital works program in 2019-20 is based on Queensland Treasury's Guidelines for estimating the full-time equivalent (FTE) jobs directly supported by the construction component of the capital works program.

The estimate of jobs supported by the capital works program is presented both in terms of FTEs and total jobs. Further, in some cases, jobs estimates quoted for specific projects throughout the Capital Statement and in other Budget papers may reflect other approaches, including proponent's estimates or project specific information, rather than the methodology in the Queensland Treasury Guidelines for estimating jobs supported by capital works.

Appendix C: Capital purchases by entity by region 2019-20

Entity ²	East \$'000	North \$'000	Brisbane and Redlands		Inner City \$'000	Sub total \$'000
			South \$'000	West \$'000		
Aboriginal and Torres Strait Islander Partnerships	—	—	—	—	60	60
Agriculture and Fisheries	744	165	574	40	8,848	10,371
Child Safety, Youth and Women	1,077	1,009	1,677	868	1,281	5,912
Communities, Disability Services and Seniors	280	260	433	223	1,873	3,069
Education	22,739	32,548	107,787	72,956	175,051	411,081
Electoral Commission of Queensland	—	—	—	—	1,925	1,925
Employment, Small Business and Training	13,273	3,170	20,104	2,635	3,901	43,083
Environment and Science	3,283	2,440	4,055	2,609	38,106	50,493
Housing and Public Works	11,247	18,700	66,701	12,746	51,498	160,892
Justice and Attorney-General	1,110	1,039	1,726	891	37,941	42,707
Legislative Assembly of Queensland	—	200	—	—	6,432	6,632
Local Government, Racing and Multicultural Affairs	55	50	84	43	64	296
Natural Resources, Mines and Energy	74,167	117,614	81,245	75,547	309,637	658,210
Public Safety Business Agency ³	7,101	13,166	11,059	5,709	18,007	55,042
Queensland Corrective Services	1,478	1,386	4,303	1,189	1,760	10,116
Queensland Fire and Emergency Services	257	242	402	208	307	1,416
Queensland Health	18,189	46,167	71,075	13,524	42,132	191,087
Queensland Police Service	1,170	1,094	1,819	939	1,390	6,412
Queensland Treasury	—	—	—	—	1,480,268	1,480,268
State Development, Manufacturing, Infrastructure and Planning	9	33,507	2,471	9	29,806	65,802
Transport and Main Roads	49,293	77,006	98,704	55,571	193,558	474,132
Youth Justice	108	104	172	90	131	605
Other agencies ⁴	135	126	210	108	160	739
Anticipated contingency reserve and other adjustments ⁵	—	—	—	—	—	—
Funds allocated	200,832	341,685	464,135	240,068	2,346,269	3,592,990

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

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Entity ²	Ipswich	Wide Bay	Darling Downs		Sub total	Gold Coast
	\$'000	\$'000	DD Maranoa \$'000	Toowoomba \$'000		\$'000
Aboriginal and Torres Strait Islander Partnerships	—	—	—	—	—	—
Agriculture and Fisheries	700	290	1,735	2,865	4,600	60
Child Safety, Youth and Women	1,594	1,594	584	710	1,294	3,169
Communities, Disability Services and Seniors	1,012	347	152	555	707	728
Education	109,196	44,064	12,369	20,408	32,777	131,775
Electoral Commission of Queensland	—	—	—	—	—	—
Employment, Small Business and Training	4,855	4,094	1,798	7,193	8,991	24,332
Environment and Science	3,858	10,770	1,429	1,720	3,149	6,819
Housing and Public Works	42,133	14,281	3,968	13,016	16,984	60,696
Justice and Attorney-General	1,642	1,485	608	782	1,390	4,423
Legislative Assembly of Queensland	—	—	—	—	—	—
Local Government, Racing and Multicultural Affairs	80	67	29	35	64	141
Natural Resources, Mines and Energy	185,531	206,270	145,648	77,668	223,316	122,479
Public Safety Business Agency ³	46,010	10,671	5,246	18,517	23,763	31,361
Queensland Corrective Services	2,691	1,848	811	977	1,788	3,873
Queensland Fire and Emergency Services	383	323	142	171	313	676
Queensland Health	39,824	52,844	65,677	34,924	100,601	59,226
Queensland Police Service	1,730	1,459	641	771	1,412	3,059
Queensland Treasury	—	—	—	—	—	—
State Development, Manufacturing, Infrastructure and Planning	16,349	14	1,506	7	1,513	2,400
Transport and Main Roads	350,156	176,065	220,711	33,436	254,147	274,061
Youth Justice	45,132	1,227	60	73	133	290
Other agencies ⁴	199	168	74	89	163	353
Anticipated contingency reserve and other adjustments ⁵	—	—	—	—	—	—
Funds allocated	832,826	515,351	452,193	208,839	661,032	712,595

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

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Entity ²	Logan –	Mackay -	Outback and Far North			Central
	Beaudesert	Whitsunday	Queensland			Queensland
	\$'000	\$'000	Outback	Cairns	Sub total	\$'000
			\$'000	\$'000	\$'000	\$'000
Aboriginal and Torres Strait Islander Partnerships	—	—	20	10	30	—
Agriculture and Fisheries	—	110	852	1,575	2,427	465
Child Safety, Youth and Women	1,626	781	753	1,341	2,094	1,022
Communities, Disability Services and Seniors	399	1,094	2,596	294	2,890	264
Education	88,384	29,302	5,930	54,544	60,474	43,197
Electoral Commission of Queensland	—	—	—	—	—	—
Employment, Small Business and Training	4,709	2,379	1,134	3,472	4,606	3,112
Environment and Science	3,742	8,581	2,787	3,399	6,186	2,472
Housing and Public Works	37,597	8,112	44,386	64,592	108,978	17,252
Justice and Attorney-General	8,593	885	980	1,174	2,154	5,753
Legislative Assembly of Queensland	—	—	—	—	—	200
Local Government, Racing and Multicultural Affairs	77	39	1,719	57	1,776	51
Natural Resources, Mines and Energy	36,240	159,833	138,889	140,653	279,542	340,846
Public Safety Business Agency ³	13,992	5,155	23,445	10,273	33,718	7,143
Queensland Corrective Services	2,125	1,074	512	1,567	2,079	89,404
Queensland Fire and Emergency Services	371	187	89	274	363	245
Queensland Health	43,546	17,573	20,571	37,800	58,371	44,316
Queensland Police Service	1,678	848	404	1,237	1,641	1,109
Queensland Treasury	—	—	—	—	—	—
State Development, Manufacturing, Infrastructure and Planning	16	258	4	5,012	5,016	4,604
Transport and Main Roads	189,164	237,045	170,120	320,858	490,978	437,472
Youth Justice	159	80	39	117	156	105
Other agencies ⁴	193	98	47	143	190	128
Anticipated contingency reserve and other adjustments ⁵	—	—	—	—	—	—
Funds allocated	422,342	462,196	405,420	633,001	1,038,421	975,443

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

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Entity ²	Sunshine Coast and Moreton Bay			Sub total \$'000	Townsville	Totals ¹
	Sunshine Coast \$'000	Moreton Bay North \$'000	Moreton Bay South \$'000		\$'000	\$'000
Aboriginal and Torres Strait Islander Partnerships	—	—	—	—	10	100
Agriculture and Fisheries	1,627	—	—	1,627	1,370	22,020
Child Safety, Youth and Women	1,700	1,733	968	4,401	1,271	24,758
Communities, Disability Services and Seniors	440	294	1,520	2,254	7,246	20,010
Education	112,182	47,425	77,968	237,575	39,511	1,227,336
Electoral Commission of Queensland	—	—	—	—	—	1,925
Employment, Small Business and Training	5,187	3,472	2,953	11,612	17,177	128,950
Environment and Science	5,750	2,759	4,514	13,023	4,938	114,031
Housing and Public Works	39,836	17,866	11,468	69,170	129,373	665,468
Justice and Attorney-General	1,754	1,174	999	3,927	4,572	77,531
Legislative Assembly of Queensland	—	—	—	—	—	6,832
Local Government, Racing and Multicultural Affairs	85	57	48	190	53	2,834
Natural Resources, Mines and Energy	176,104	39,429	27,281	242,814	149,913	2,604,994
Public Safety Business Agency ³	13,450	8,959	6,399	28,808	7,958	263,621
Queensland Corrective Services	2,341	6,567	1,333	10,241	1,470	126,709
Queensland Fire and Emergency Services	409	274	233	916	257	5,450
Queensland Health	42,667	76,277	15,155	134,099	36,259	777,746
Queensland Police Service	1,848	1,237	1,052	4,137	1,161	24,646
Queensland Treasury	—	—	—	—	—	1,480,268
State Development, Manufacturing, Infrastructure and Planning	517	12	10	539	12,540	109,051
Transport and Main Roads	432,029	113,452	85,756	631,237	364,337	3,878,794
Youth Justice	174	117	100	391	3,636	51,914
Other agencies ⁴	213	143	121	477	134	2,841
Anticipated contingency reserve and other adjustments ⁵	—	—	—	—	—	(275,770)
Funds allocated	818,414	313,622	232,232	1,364,268	764,596	11,342,059

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. The Public Safety Business Agency is a capital purchaser for Queensland Fire and Emergency Services, Queensland Police Service and the Office of the Inspector-General Emergency Management.
4. Includes other Government entities with non-material capital programs.
5. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.



Queensland Budget 2019–20

Capital Statement Budget Paper No.3

budget.qld.gov.au

Budget Measures
Budget Paper No.4
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2019–20 Queensland Budget Papers

- 1. Budget Speech**
- 2. Budget Strategy and Outlook**
- 3. Capital Statement**
- 4. Budget Measures**
- 5. Service Delivery Statements**

Appropriation Bills

Budget Highlights

The Budget Papers are available online at budget.qld.gov.au

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Budget Measures

Budget Paper No.4

ISSN 1445-4890 (Print)

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State Budget
2019-20

Budget Measures

Budget Paper No. 4

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Key Features

This Budget Paper presents a consolidation of expense, capital and revenue measures reflecting decisions since the 2018-19 Budget. The 2019-20 Budget measures will support improved education outcomes by Queensland students, build world class education infrastructure, increase capacity in the health system to meet demand, attract investment to Queensland and create jobs to support our regions and keep communities safe.

- The Government is providing increased funding of approximately \$1.1 billion over the forward estimates (approximately \$1.4 billion over calendar years 2019 to 2023) to improve educational outcomes for students as part of a five-year school funding agreement reached with the Australian Government.
- The Government is providing increased funding of \$493.8 million over five years (\$532.6 million over seven years) to deliver world class learning environments for students by building new schools, bringing total investment in the Building Future Schools Fund to \$1.3 billion.
- The Government is providing increased funding of \$251.3 million over three years for the provision of additional facilities at existing state schools experiencing enrolment growth.
- The Government is providing an additional investment of \$847.9 million over five years to address demand pressures and develop and implement targeted reforms across the justice system.
- The Government is providing increased funding of \$1.6 billion over four years to support frontline staff, improve health services and meet the ongoing growth in demand for health and ambulance services.
- The Government is providing increased funding of around \$400 million over four years to invest in health infrastructure and capital works.
- The Government is providing increased funding of \$45 million to continue the Advance Queensland Industry Attraction Fund.
- The Government is providing increased funding of up to \$14 million over two years to meet continued demand for the Back to Work program in south-east Queensland in areas facing significant labour market challenges.
- The Government is providing increased funding of \$35.7 million over three years for the Production Attraction Strategy to attract film productions to Queensland.
- The Government is providing additional funding of \$517.5 million (\$401.6 million new funding and \$115.9 million funded internally) over four years to continue Queensland's family support and child protection reforms.
- As part of its ongoing support for the North West Minerals Province, the Government is providing an additional \$30 million over two years to contribute to the construction and operation of loading facilities at the Port of Townsville
- The Government is also providing an additional \$20 million per annum to subsidise below rail user access charges on Queensland Rail's Mount Isa Line.
- The Government is providing additional funding of \$30 million over three years for the Resources Community Infrastructure Fund to invest in improving critical social and economic infrastructure across Queensland's resource communities.

1 Introduction

This document provides a consolidated view of policy decisions with budgetary impacts made by the Government since the 2018-19 Budget.

This document complements other Budget Papers, in particular Budget Paper No. 2 Budget Strategy and Outlook, Budget Paper No. 3 Capital Statement and the Service Delivery Statements.

This Budget Paper includes only new policy decisions and does not detail the full amount of additional funding being provided to agencies to deliver services and infrastructure. Other adjustments, including those that are parameter based and where the funding formula remains unchanged, are similarly excluded.

The total funding impact of new measures is summarised in Tables 1.2 to 1.4 at the conclusion of this chapter.

For details on the total funding available to agencies, refer to agencies' Service Delivery Statements.

1.1 Explanation of Scope and Terms

1.1.1 Scope

This document includes measures with the following features:

- **Sector:** Only Queensland General Government sector agencies are included. Measures involving government-owned corporations or other Public Non-financial Corporations Sector agencies are within scope only if the measures are being funded directly by the General Government Sector or if there is a flow through effect (for example, Community Service Obligations).
- **Timeframe:** Measures based on decisions made by the Government since the 2018-19 Budget.
- **Type:** Measures with budgetary impacts, in particular:
 - (i) expense and capital measures with service delivery, capital enhancement, grant or subsidy impacts on the community; and
 - (ii) revenue measures involving a significant change in revenue policy, including changes in the tax rate.
- **Materiality:** Minor measures or measures with non-significant community impact are not included in this document.
- Initiatives of a technical nature or non-policy based adjustments, such as parameter based funding adjustments, are not included if the formula to calculate these adjustments has not changed, as they do not reflect changes in Government policy. Similarly, policy matters not yet finalised by Government are not included. The main focus is on measures reflecting policy decisions that impact directly on the community through service delivery or other means.

1.1.2 Funding basis

Tables in this document are presented on a net funding basis.

- Net funding refers to the impact that the funding of the measure has on appropriations from the Consolidated Fund or centrally held funds to the relevant General Government agency. The tables do not include funding directed to the measure from existing agency resources or other sources.
- Amounts refer to additional funding being provided to agencies for a particular program or project, as a result of decisions by Government since the 2018-19 Budget. The amount provided for a measure may differ from other Budget papers, such as Budget Paper No. 3 Capital Statement, that may refer to total funding.
- Where a measure involves material expenditure or revenue collections by more than one department, the measure is reported under each department involved. The addition of each individual department's portion of a particular measure may not equate to the reported total whole-of-government figure due to the omission of some departments' portions that did not meet Budget Paper 4's materiality threshold (i.e. over \$250,000).
- Amounts included in the tables relating to revenue measures represent the impact of the measure on Government revenue (with a positive amount representing additional revenue).

Tables 1.2 to 1.4 identify expense, capital and revenue measures separately, categorised as follows:

- up to and including 2018-19 Mid-Year Fiscal and Economic Review (MYFER); and
- since the 2018-19 MYFER.

1.2 Overview

The following section presents selected measures relating to decisions taken since the 2018-19 Budget.

1.2.1 Investing in Education

The Government is providing increased funding of approximately \$1.1 billion over the forward estimates (approximately \$1.4 billion over calendar years 2019 to 2023) for Queensland state schools, as part of the five-year school funding agreement reached with the Australian Government. This funding will support improved educational outcomes in Queensland state schools and support the implementation of the National School Reform Agreement.

Other key measures in the 2019-20 Budget for education include:

- increased funding of \$493.8 million over five years to deliver world class learning environments for students, including the second stage of new schools opening in 2020, a further four new schools to open in 2021 and land acquisitions. Total funding for this initiative is \$532.6 million over seven years (to 2024-25), bringing total investment in the Building Future Schools Fund to \$1.3 billion
- increased funding of \$251.3 million over three years for the provision of additional facilities at existing state schools experiencing enrolment growth
- increased funding of \$167.6 million over three years from 2020-21 and \$56.6 million per annum ongoing to support new senior assessment and tertiary entrance arrangements

- increased funding of \$30.4 million over two years to support the continued provision of universal access to kindergarten for children in the year before school.

1.2.2 Improving Health Care

The Government is providing increased funding of \$1.6 billion over four years to support frontline staff, improve health services and meet the ongoing growth in demand for health and ambulance services. The Government is providing increased funding of around \$400 million over four years to invest in health infrastructure and capital works to sustain and enhance business and service level continuity.

Measures in the 2019-20 Budget that will deliver improved health care for the community include:

- increased funding of \$1.1 billion over four years to support the ongoing growth in demand for health services
- increased funding of \$77.4 million in 2020-21 to extend the Specialist Outpatient Long Wait Strategy, to ensure patients continue to have timely access to specialist outpatient appointments
- increased funding of \$30.7 million over two years and \$15.5 million per annum ongoing to continue employing an additional 100 midwives, to support maternity services across Queensland
- increased funding of \$116.8 million over two years and \$59.3 million per annum ongoing to provide ongoing support for the Nurse Navigators program
- increased funding is provided to secure the expansions of the Caboolture and Logan Hospitals.

1.2.3 Delivering Jobs and a Strong Economy

To continue to strengthen the Queensland economy and deliver more jobs, this budget will provide:

- increased funding of \$45 million to the Advance Queensland Industry Attraction Fund, bringing the total funding to \$150 million
- a commitment of \$60 million to support the delivery of The Southport Spit master plan to enhance the public realm of The Spit, improve connections to the surrounding marine environment and generate opportunities for job creation through tourism, entertainment and recreation. The master plan secures the future of 138 hectares of green space, unlocks the potential for 1,800 new jobs, provides for more than 800 new short-term accommodation rooms, enhanced tourism and recreation opportunities, and creates vibrant community spaces
- increased funding of \$6 million over two years for the Made in Queensland grants program. This brings the total funding to \$46 million over five years from 2017-18 to support the manufacturing sector to become more internationally competitive, increase productivity and adopt new processes and technologies
- increased funding of \$25 million for the Jobs and Regional Growth Fund to assist businesses and projects that will generate economic development and employment opportunities in regional Queensland. This increase brings the total funding to \$175 million.

- increased funding of up to \$14 million over two years to meet continued demand for the Back to Work program in areas of south-east Queensland with significant labour market challenges, with applications open until 30 June 2020
- increased funding of \$4 million in 2019-20 for additional grant funding under the *Advancing Small Business Queensland Strategy 2016-2020*, to continue making Queensland the place for small business to start, grow and employ. This brings the total funding for this program to \$26.2 million over four years from 2016-17
- increased funding of \$35.7 million over three years from 2018-19 for the Production Attraction Strategy to grow a pipeline of large-scale film and high-end television productions in Queensland
- additional funding of \$19 million over four years to establish an agenda for renewable hydrogen industry attraction and to drive job creation, regional growth and increased innovation and development.

The Government is also supporting the further development of the tourism industry to grow the economy and deliver jobs, especially in regional Queensland. This budget will provide:

- additional funding of \$33.7 million over four years toward the development of the Wangetti Trail as a high quality ecotourism experience for Far North Queensland, in addition to \$7.7 million to be funded internally by the department and from revenue
- additional funding of \$13.9 million over two years to progress market approaches for the Cairns and Gold Coast Global Tourism Hub procurement processes for the contract management of the Queen's Wharf Brisbane Integrated Resort Development and construction of the Thorsborne, Cooloola and Whitsunday Ecotourism Trails
- additional funding of funding of \$2 million over two years to introduce a new grant fund to support the development of new Indigenous tourism products and experiences, with a focus on ecotourism; and \$1.5 million over two years to support targeted initiatives to develop Indigenous tourism in Queensland and to establish an Indigenous Tourism Development Service for Indigenous tourism businesses, to guide prospective businesses toward the most appropriate services and support for their business needs
- increased funding of \$1 million in 2018-19 as part of a \$2.5 million media campaign, funded in partnership with the local tourism industry, to position the Gold Coast as a must-visit for families from the key visitor markets of Sydney, Melbourne and Brisbane.

1.2.4 Building Our Regions

The Government is providing increased funding of \$70 million over four years for Round 5 of Building our Regions to deliver critical infrastructure for regional Queensland. Total funding for Building our Regions now totals \$515 million. Building our Regions supports critical infrastructure projects in regional areas that meet specific community needs, with a focus on delivering enduring economic outcomes and job creation.

1.2.5 Investment in the Justice System

The Government is committed to keeping communities safe and the 2019-20 Budget provides an additional \$847.9 million investment over five years to address demand pressures and develop and implement targeted reforms across the justice system.

Measures in the 2019-20 Budget in the justice system include:

- increased funding of \$57.7 million over four years and \$14.7 million per annum ongoing to respond to increased demand in Queensland Courts
- increased funding of \$42.8 million over four years and \$12.1 million per annum ongoing to respond to increased workloads within the Office of the Director of Public Prosecutions
- additional funding of \$143 million over four years and \$43.7 million per annum ongoing to commission and operate the expanded Capricornia Correctional Centre
- additional funding of \$111.4 million over five years and \$29.6 million per annum ongoing for the operations of Arthur Gorrie and Southern Queensland Correctional Centres.

The Government is also providing additional funding of around \$620 million, held centrally, towards an expansion of the Southern Queensland Correctional Precinct. The expansion will deliver a correctional facility with a focus on health and rehabilitation, which will reduce reoffending, and ease overcrowding across the correctional services system.

1.2.6 Youth Justice Reforms

The Government is making a significant investment in Youth Justice to support the Palaszczuk Government's Youth Justice Strategy. Government is providing increased funding of \$154.5 million operating and \$178 million capital (including \$140 million held centrally against estimated project costs) over five years. This funding will support a suite of initiatives aimed at preventing offending and reoffending, and keeping young people out of courts and custody, supported by the development of appropriate infrastructure facilities, including:

- increased funding of \$28.7 million over four years to expand on the successful Transition to Success program and support young people to reconnect with education, training and employment, and build life skills
- increased funding of \$18.5 million over four years for the continuation and expansion of the Townsville Community Youth Response and to address recommendations in the *Townsville's Voice: Local Solutions to Address Youth Crime* report
- additional funding of \$10 million over two years to commence early works on a new 32 bed youth detention centre on land adjacent to the Brisbane Youth Detention Centre at Wacol
- additional funding of \$27 million capital and \$18.3 million operating funding to construct and operate an additional 16 beds within the Brisbane Youth Detention Centre located at Wacol, along with upgrades to facilities and additional amenities including educational classrooms, kitchen and laundry facilities.

1.2.7 Drought assistance

The Queensland Government is supporting drought affected communities through the continuation of the Drought Assistance Package as well as implementing Queensland drought reform, with a provision of up to \$74.6 million over four years. This includes:

- \$50 million for the Drought Relief Assistance Scheme
- \$15 million for the Drought Relief from Electricity Charges Scheme
- \$5.2 million for Community Drought Support
- \$4.2 million for Land Rent Rebates and Water Licence Waivers
- \$200,000 for fodder management.

1.3 Government Indexation Policy

To relieve cost of living pressures, from 2019-20 the Queensland Government has moved to a rate of escalation of fees and charges that is based on forecasts of CPI. This replaces the previous Government's policy of an indexation rate of 3.5% per annum introduced in 2012-13. In 2019-20, fees and charges will increase by 2.25%, consistent with the CPI projection for 2019-20 at MYFER. From 2020-21 onwards, CPI is projected to increase by 2.5% per annum, consistent with the mid-point of the Reserve Bank of Australia's target band. This measure results in a reduction in revenue of approximately \$30 million in 2019-20 and \$60 million in 2020-21. This change means fees and charges subject to the Government indexation policy, including motor vehicle registration fees and transport and traffic fees, will only rise at the rate of expected inflation.

Table 1.2: Expense measures since the 2018-19 Budget

Expense measures up to and including MYFER	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Department of Agriculture and Fisheries					
Panama Disease Tropical Race 4 Program	—	—	—	—	—
Queensland Agricultural Training Colleges	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Department of Child Safety, Youth and Women					
Family Support and Child Protection Reforms ¹	—	127,514	120,628	120,663	—
Family Support and Child Protection Reforms - Extension of Foster Carer Allowance	—	—	2,398	2,398	2,398
Supporting Children and Young People with Complex and Challenging Behaviours	—	20,000	—	—	—
Staged Replacement of Integrated Client Management System ¹	—	—	—	—	—
Women in Custody	2,365	2,975	2,525	—	—
National Redress Scheme	3,411	5,901	6,250	6,440	—
Truth, Healing and Reconciliation Taskforce	431	432	438	445	454
Anti-Cyberbullying Initiatives	1,250	1,250	—	—	—
Fighting Youth Sexual Violence	1,450	3,442	3,515	3,508	—
Women with disability and their children	—	755	755	—	—
Portfolio Total	8,907	162,269	136,509	133,454	2,852
Department of Communities, Disability Services and Seniors					
National Redress Scheme	—	145	148	152	—
Portfolio Total	—	145	148	152	—
Department of Education					
Remuneration and Certification of Highly Accomplished and Lead Teachers	3,624	8,246	12,110	14,290	14,290
Family Support and Child Protection Reforms - Student Protection Principal Advisors	—	593	608	623	—
Anti-Cyberbullying Initiatives	—	—	—	—	—
Portfolio Total	3,624	8,839	12,718	14,913	14,290
Department of Environment and Science					
Queensland Government Research Infrastructure Co-Investment Fund	—	5,000	7,500	7,500	5,000
World Science Festival 2019 to 2021	3,000	3,000	3,000	—	—
National Parks Harsh Environment Fire Vehicles	—	805	—	—	—
Quandamooka World Heritage Nomination	273	308	362	307	—
Accelerating Science Delivery Innovation - Tranche 2	—	—	—	—	—
Portfolio Total	3,273	9,113	10,862	7,807	5,000
Department of Housing and Public Works					
Cyber Security - Securing trust in a Responsive Government	—	4,278	4,757	5,269	6,038
Stadiums Queensland Capital Grant Increase	—	250	506	769	1,038

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures up to and including MYFER					
National Redress Scheme	105	132	135	138	—
Queensland Building and Construction Commission Financial Sustainability Review ¹	5,260	—	—	—	—
Portfolio Total	5,365	4,660	5,398	6,176	7,076
Department of Innovation, Tourism Industry Development and the Commonwealth Games					
FibreCo Qld	4,730	3,870	—	—	—
Gold Coast Family Campaign	1,000	—	—	—	—
Portfolio Total	5,730	3,870	—	—	—
Department of Justice and Attorney-General					
Family Support and Child Protection Reforms - Director of Child Protection Litigation	—	13,524	—	—	—
Office of the Director of Public Prosecutions ¹	—	4,796	8,715	8,940	9,172
Office of the Public Guardian	734	4,478	5,809	7,000	9,000
Family Support and Child Protection Reforms - Queensland Family and Child Commission	—	3,070	3,147	3,482	—
Supreme and District Court	1,821	2,447	2,484	2,521	2,521
Information, Communication and Technology Strategy	4,158	2,321	—	1,770	1,623
Recording and Transcription Services	—	1,748	1,998	—	—
Queensland Civil and Administrative Tribunal ¹	340	680	680	680	680
Murri Court Expansion	201	569	578	589	599
Alleviating pressures in the youth detention system	386	—	—	—	—
Portfolio Total	7,640	33,633	23,411	24,982	23,595
Department of Local Government, Racing and Multicultural Affairs					
Queensland Racing Industry	17,630	30,370	30,370	26,370	26,370
Torres Strait Island Seawalls and Coastal Inundation Mitigation Upgrades	5,000	15,000	—	—	—
Paroo Shire Council Upgrade to Critical Sewerage Infrastructure	9,100	—	—	—	—
Queensland Racing Industry Infrastructure	8,000	—	—	—	—
Portfolio Total	39,730	45,370	30,370	26,370	26,370
Department of Natural Resources, Mines and Energy					
Interim Great Artesian Basin Infrastructure Investment Program	2,526	—	—	—	—
Portfolio Total	2,526	—	—	—	—
Department of State Development, Manufacturing, Infrastructure and Planning					
Queensland Reconstruction Authority Proserpine Entertainment Centre	1,568	3,657	—	—	—
Queensland Reconstruction Authority Disaster Recovery	1,433	3,342	—	—	—
Resource Recovery Industries Roadmap	300	700	—	—	—
Queensland Reconstruction Authority SES Operations Centre	500	500	—	—	—
Portfolio Total	3,801	8,199	—	—	—

2019-20 Budget Measures

Expense measures up to and including MYFER	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Department of the Premier and Cabinet					
Safer Communities Grants Program	2,000	2,000	1,000	—	—
Portfolio Total	2,000	2,000	1,000	—	—
Department of Transport and Main Roads					
Cost Recovery for Drink Driving Reforms	—	2,020	2,111	2,212	2,316
Continuation of the Citytrain Response Unit	698	705	—	—	—
Portfolio Total	698	2,725	2,111	2,212	2,316
Department of Youth Justice					
Alleviating pressures in the youth detention system	2,206	4,441	—	—	—
Portfolio Total	2,206	4,441	—	—	—
Legislative Assembly of Queensland					
Electorate Office Technology Improvements	1,459	1,162	1,041	521	—
Portfolio Total	1,459	1,162	1,041	521	—
Public Safety Business Agency					
Public Safety Regional Radio Communications	7,007	19,893	—	—	—
Queensland Government Air - Aircraft Maintenance and Compliance ¹	1,165	—	—	—	—
Portfolio Total	8,172	19,893	—	—	—
Queensland Health					
Correctional Centre Health Services ¹	6,550	—	—	—	—
Portfolio Total	6,550	—	—	—	—
Queensland Police Service					
Monitoring Reportable Offenders	4,884	5,351	5,476	5,592	5,724
Body Worn Cameras for Police	—	2,100	2,100	2,100	—
Civilian Prosecutors	—	1,858	1,908	1,960	2,014
Youth Justice Investment - Project Booyah - Framing the Future ¹	367	982	—	—	—
Murri Court Expansion	—	—	—	—	—
Portfolio Total	5,251	10,291	9,484	9,652	7,738
Queensland Treasury					
Native Title Compensation Project Management Office	872	1,560	—	—	—
Portfolio Total	872	1,560	—	—	—
Total impact on Expense up to and including MYFER	107,804	318,170	233,052	226,239	89,237

2019-20 Budget Measures

<u>Expense measures since 2018-19 MYFER</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Department of Aboriginal and Torres Strait Islander Partnerships					
Infrastructure for remote Aboriginal and Torres Strait Islander Communities	—	5,200	1,700	700	700
Reframing the relationship	—	3,962	3,475	1,699	—
Aboriginal and Torres Strait Islander Youth Mental Health and Wellbeing	—	750	1,500	2,050	2,600
Developing an Aboriginal and Torres Strait Islander Languages Policy	—	674	—	—	—
Work history research and legal services	—	520	—	—	—
Closing the Gap monitoring - essential data services	—	477	491	505	519
Addressing domestic and family violence impacting Aboriginal and Torres Strait Islander people	—	456	464	471	480
Alcohol Management Plans	—	400	500	750	750
Kupai Omasker	—	368	—	—	—
Former Origin Greats Achieving Results Through Indigenous Education Program	—	—	—	—	—
Legislative Reform	—	—	—	—	—
Portfolio Total	—	12,807	8,130	6,175	5,049
Department of Agriculture and Fisheries					
Improving Swimmer Safety including the Shark Control Program	—	4,219	4,259	4,207	4,398
Continuation of Fisheries Reform	—	2,100	8,506	—	—
Queensland's Obligations within the National Biosecurity System	1,411	1,370	790	—	—
Small Business Regulatory Reform	2,395	1,273	150	7	—
Supporting Delivery of the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report) Recommendations	—	848	843	955	1,091
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—
Portfolio Total	3,806	9,810	14,548	5,169	5,489
Department of Child Safety, Youth and Women					
Family Support and Child Protection Reforms ²	—	150	150	150	150
Staged Replacement of Integrated Client Management System ²	—	10,286	9,443	4,710	4,795
Youth Justice Investment - Family and Wellbeing Service	—	2,260	4,120	—	—
Perpetrator Intervention Initiatives	—	410	810	—	—
National Disability Insurance Scheme Transition Support: Children with Disability in the Child Protection System	—	9,636	—	—	—
Youth Justice Investment - Navigate Your Health	—	—	—	—	—
Portfolio Total	—	22,742	14,523	4,860	4,945
Department of Communities, Disability Services and Seniors					
Support for people with disability	—	24,797	4,243	2,593	2,661
National Disability Insurance Scheme Transition Support: Queensland Community Support Scheme - Transport Supports	—	7,000	—	—	—
Tackling Alcohol Fuelled Violence Program	—	3,316	—	—	—
National Disability Insurance Scheme Transition Support: Queensland Community Support Scheme in remote and discrete Aboriginal and Torres Strait Islander communities	—	2,000	2,000	—	—
Thriving Communities, Advancing Queensland: Continuation of Community Connect workers	—	1,500	1,500	1,500	1,500
Place-based approaches	—	750	750	750	750
School Breakfast Program	—	348	267	273	280

2019-20 Budget Measures

Expense measures since 2018-19 MYFER	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—
Townsville Women's Centre premises	—	—	—	—	—
Portfolio Total	—	39,711	8,760	5,116	5,191
Department of Education					
State schools - increased funding	3,080	194,900	247,270	263,120	425,870
Early childhood education and care - regulation	—	13,163	13,368	—	—
Early childhood education and care - universal access to kindergarten	—	10,801	19,576	—	—
Office of Industrial Relations ICT Investment	—	1,000	1,000	1,000	1,000
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	—	125	587	601	617
Additional Support for Students with a Disability	—	—	—	—	—
Daniel Morcombe Foundation	—	—	—	—	—
Digital Engagement Strategy	—	—	—	—	—
Early Childhood Development Programs	—	—	—	—	—
Link & Launch Program	—	—	—	—	—
New Senior Assessment and Tertiary Entrance Arrangements	—	—	—	—	—
Regional Youth Engagement Hubs	—	—	—	—	—
Shifting Minds Suicide Prevention Flagship	—	—	—	—	—
Youth FlexiSpaces in Schools	—	—	—	—	—
Portfolio Total	3,080	219,989	281,801	264,721	427,487
Department of Employment, Small Business and Training					
Small Business Regulatory Reform	4,773	8,370	6,282	1,007	767
Advancing Small Business Queensland Strategy 2016-2020	—	4,000	—	—	—
Micro-Credentialing Pilot	—	1,000	3,000	1,500	—
Back to Work program - South East Queensland	—	—	—	—	—
Digital Engagement Strategy	—	—	—	—	—
Higher Level Apprenticeship Pilot	—	—	—	—	—
Link & Launch Program	—	—	—	—	—
Queensland Social Enterprise Strategy	—	—	—	—	—
Portfolio Total	4,773	13,370	9,282	2,507	767
Department of Environment and Science					
Cape York Peninsula Tenure Resolution Program and National Park Joint Management with Traditional Owners	—	6,985	4,152	2,940	975
Hopeland (Linc Energy) - Ongoing Matters	—	5,414	3,479	—	—
Yellow Crazy Ant Control	—	3,000	3,000	3,000	—
Wildlife Management - Crocodiles	—	2,952	3,026	—	—
Queensland Museum - Critical Maintenance and Infrastructure Works	—	2,875	1,875	875	875
Revitalising National Parks	—	2,500	—	—	—
Queensland Art Gallery Blockbuster Exhibition Funding	—	2,250	1,750	—	—
Queensland Parks and Wildlife Service - Enhanced Fire Management	—	1,800	2,300	2,500	2,600
Aboriginal and Torres Strait Islander Cultural Centre	—	1,600	400	—	—

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures since 2018-19 MYFER					
North Stradbroke Island (Minjerrabah) Townships Fire Management Strategies by the Quandamooka Yoolooburrabee Aboriginal Corporation	—	1,387	2,202	3,130	1,799
Saving Queensland's Threatened Species - Koalas	—	729	—	—	—
Implementing Waste Reforms for Queensland under a New Waste Management and Resource Recovery Strategy	—	600	400	—	—
Financial Assurance and Rehabilitation Complementary Reform Measures	—	550	300	150	—
Queensland Cultural Centre - Critical Infrastructure Asset Renewal	—	450	450	—	—
North Stradbroke Island (Minjerrabah) Protected Area Estate Expansion and Construction of Ranger Base	—	—	—	—	—
Strategic Science Programs and International Partnerships	—	—	—	—	—
Wangetti Trail	—	—	—	—	—
Portfolio Total	—	33,092	23,334	12,595	6,249
Department of Housing and Public Works					
Responsive Government	—	9,600	7,750	7,900	8,050
Government Employee Housing - Critical Works	—	7,200	—	—	—
North Queensland Stadium	—	3,500	3,500	3,500	3,500
Queensland Building and Construction Commission Financial Sustainability Review ²	—	2,975	—	—	—
Sport and Active Recreation Strategy 2019-2029	—	2,000	10,000	5,000	8,000
Aboriginal and Torres Strait Islander Housing Action Plan 2019-2023	—	—	—	—	—
Queensland Government Data Centres and Services	—	—	—	—	—
Queensland Government Office Accommodation Strategy - Regional Initiatives	—	—	—	—	—
Portfolio Total	—	25,275	21,250	16,400	19,550
Department of Innovation, Tourism Industry Development and the Commonwealth Games					
Global Tourism Hubs and Ecotourism Trails	—	5,333	8,570	—	—
Creating Indigenous jobs and business growth through Indigenous tourism development in Queensland	—	2,000	1,200	—	—
Improving Swimmer Safety including the Shark Control Program	—	200	200	200	200
Wangetti Trail	—	200	1,800	1,100	100
Tourism and Events Queensland	—	—	—	—	48,181
Portfolio Total	—	7,733	11,770	1,300	48,481
Department of Justice and Attorney-General					
Court Services Queensland	—	14,238	14,296	14,487	14,705
Crown Law Legal Expenses	—	4,153	4,247	4,368	4,493
Community Justice Groups Enhancement	—	2,774	5,377	5,577	5,377
Queensland Civil and Administrative Tribunal ²	—	2,572	2,608	2,647	2,205
Support for people with disability - Office of the Public Guardian and Queensland Civil and Administrative Tribunal	—	2,563	2,627	2,692	2,760
Office of the Director of Public Prosecutions ²	—	2,502	2,855	2,901	2,949
Victims Assist Queensland	—	2,300	5,000	4,000	4,000
Tackling Alcohol Fuelled Violence Program - Safe Night Precincts	—	2,093	—	—	—
Youth Justice Investment - Additional Childrens Court Matters	327	1,966	—	—	—

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures since 2018-19 MYFER					
Courthouse Maintenance and Upgrades	—	1,925	1,925	—	—
Court Link	—	1,461	1,688	1,668	1,750
Queensland Human Rights Commission	105	1,346	1,404	1,459	1,532
Strengthening Coronial Services	—	1,207	830	407	474
Aurukun Restorative Justice Program	—	973	801	821	840
National Redress Scheme	555	865	818	779	—
Youth Justice Investment - Townsville Community Youth Response	—	848	797	809	820
Crime and Corruption Commission - Combating Crime	—	660	660	660	660
Court Approaches to Remand	—	602	614	623	634
New Child Death Review Model	—	376	1,211	1,255	1,300
Legal Aid Queensland	—	—	1,900	3,800	5,800
Legal Assistance Services	—	—	—	1,188	1,443
Portfolio Total	987	45,424	49,658	50,141	51,742
Department of Local Government, Racing and Multicultural Affairs					
Implementing Waste Reforms for Queensland under a New Waste Management and Resource Recovery Strategy	—	4,000	—	—	—
Northern Peninsula Area Water Supply System - Reservoir Repairs	—	2,700	—	—	—
Northern Peninsula Area Water Supply System - Financial Assistance Package	—	—	1,333	1,333	1,334
Portfolio Total	—	6,700	1,333	1,333	1,334
Department of Natural Resources, Mines and Energy					
Hopeland (Linc Energy) Management and Remediation	—	8,100	6,100	1,600	1,800
Community Service Obligation payments for the Cloncurry Pipeline	—	6,043	6,234	6,317	—
Community Service Obligation payments for irrigation water supply services	—	3,808	—	—	—
Resources Safety and Health Queensland	—	3,750	1,140	—	—
Coal Mine Workers' Health Scheme	—	2,298	4,409	—	—
Abandoned Mines - Care and Maintenance, Risk Mitigation, Remediation and Consultation	—	1,320	340	—	—
Local Management Arrangements	—	890	—	—	—
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—
Portfolio Total	—	26,209	18,223	7,917	1,800
Department of State Development, Manufacturing, Infrastructure and Planning					
Building our Regions	—	35,000	10,000	15,000	10,000
Biofutures	—	794	1,408	1,798	1,000
Queensland Hydrogen Industry Strategy	—	500	3,000	5,000	10,500
Advance Queensland Industry Attraction Fund	—	—	—	—	—
Jobs and Regional Growth Fund	—	—	—	—	—
Made in Queensland	—	—	2,000	4,000	—
Southport Spit Master Plan	—	—	—	—	—
Portfolio Total	—	36,294	16,408	25,798	21,500

2019-20 Budget Measures

<u>Expense measures since 2018-19 MYFER</u>	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Department of the Premier and Cabinet					
Screen Queensland	5,705	17,434	18,041	1,747	2,253
Criminal Justice System Reform - Program Management Office	—	2,458	—	—	—
Veterans-related Initiatives	250	2,219	2,416	2,391	2,382
Year of the Outback Tourism Events Program	—	1,000	1,000	—	—
Enhanced Throughcare Service Delivery Model	—	900	—	—	—
Portfolio Total	5,955	24,011	21,457	4,138	4,635
Department of Transport and Main Roads					
Continuation of the Local Fare Scheme	—	6,973	7,367	—	—
National Disability Insurance Scheme Transition Support: Taxi Subsidies	—	6,000	—	—	—
Wheelchair Accessible Taxi Sustainability	—	4,567	5,651	5,254	5,418
Camera Detected Offence Program	—	1,498	1,684	1,632	1,812
Expansion of the School Crossing Supervisor Scheme	—	792	1,339	1,044	1,067
Mount Isa Line Below Rail Subsidy	—	—	—	—	—
Small Business Regulatory Reform	—	—	—	—	—
Portfolio Total	—	19,830	16,041	7,930	8,297
Department of Youth Justice					
Youth Justice Investment - Youth Detention Capacity	—	8,086	—	—	—
Youth Justice Investment - Transition to Success	—	6,329	7,332	7,439	7,588
Youth Justice Investment - Restorative Justice	—	4,151	7,591	7,771	7,956
Youth Justice Investment - Townsville Community Youth Response	—	3,529	3,557	3,592	3,627
Youth Justice Investment - Community Youth Responses	—	2,191	4,346	4,262	4,201
Youth Justice Investment - Brisbane City Watchhouse Response Team	—	1,323	—	—	—
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	—	1,227	4,306	4,279	4,355
Youth Justice Investment - Program Management Office	—	857	855	—	—
Youth Justice Investment - Conditional Bail	—	648	573	—	—
Youth Justice Investment - Risk and Dynamic Assessment Register	—	526	841	519	—
Youth Justice Investment - Youth Detention Centres: Maintenance Program	—	500	—	—	—
Youth Justice Investment - Specialist Multi-Agency Response Teams	—	200	200	200	200
Youth Justice Investment - Mount Isa Transitional Hub	—	—	—	—	—
Youth Justice Investment - Queensland Youth Partnerships Initiative	—	—	—	—	—
Portfolio Total	—	29,567	29,601	28,062	27,927
Electoral Commission of Queensland					
Local Government Elections and State General Election	—	3,713	7,745	—	—
Portfolio Total	—	3,713	7,745	—	—
Public Safety Business Agency					
Queensland Government Air - Aircraft Maintenance and Compliance ²	—	1,300	—	—	—
Portfolio Total	—	1,300	—	—	—

2019-20 Budget Measures

<u>Expense measures since 2018-19 MYFER</u>	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Queensland Corrective Services					
Arthur Gorrie and Southern Queensland Correctional Centres	751	15,920	36,328	28,856	29,575
Capricornia Correction Centre Expansion	—	14,672	41,677	42,887	43,718
Correctional Centre Prisoner Growth	—	14,480	—	—	—
Taskforce Flaxton	—	5,764	6,491	5,315	5,444
Minor Capital Works and Maintenance	—	3,600	3,600	3,600	3,600
Correctional Centre Disability Support Services	—	2,862	—	—	—
Parole Board Queensland	—	1,681	1,628	1,570	1,610
Tackling Alcohol Fuelled Violence Program	—	1,183	—	—	—
Aurukun Prisoner Reintegration Program	—	650	615	630	646
Enhanced Throughcare Service Delivery Model	—	—	—	—	—
Southern Queensland Correctional Precinct - Stage 2	—	—	—	—	—
Portfolio Total	751	60,812	90,339	82,858	84,593
Queensland Fire and Emergency Services					
Improving Swimmer Safety including the Shark Control Program	—	200	200	200	200
Portfolio Total	—	200	200	200	200
Queensland Health					
Specialist Outpatient Long Wait Strategy	—	—	77,400	—	—
Nurse Navigators	—	—	—	57,467	59,315
Midwives	—	—	—	15,170	15,549
National Disability Insurance Scheme Transition Support: Community health support programs	—	35,220	—	—	—
Support for people with disability	—	4,430	4,430	4,430	4,430
Health and Wellbeing Queensland	—	—	—	—	—
Deadly Choices Healthy Lifestyle Program	—	—	8,200	8,405	8,615
Safe and Healthy Drinking Water in Indigenous Local Government Areas	—	—	—	—	—
Operational Growth Funding	—	163,250	128,172	199,871	594,345
Initiatives to improve patient flow and reduce unnecessary hospital activity	—	—	—	—	—
Shifting Minds Suicide Prevention Flagship	—	7,470	13,705	20,397	20,355
Aeromedical Services Funding	—	13,976	14,400	14,840	15,272
Strengthening Coronial Services	—	534	274	—	—
Correctional Centre Health Services ²	—	9,255	23,612	29,789	31,387
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	—	120	668	680	696
Youth Justice Investment - Navigate Your Health	—	—	—	—	—
Court Link	—	586	763	763	763
Right@Home	—	1,289	1,588	1,588	758
Birthing in our Community Hub Expansion	—	—	—	—	—
Enhanced Throughcare Service Delivery Model	—	—	—	—	—
Small Business Regulatory Reform	400	350	—	—	—
Portfolio Total	400	236,480	273,212	353,400	751,485

2019-20 Budget Measures

<u>Expense measures since 2018-19 MYFER</u>	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Queensland Police Service					
Youth Justice Investment - Community-Based Intensive Supervision	—	9,410	—	—	—
Tackling Organised Crime	—	5,000	—	—	—
Taskforce Orion	—	339	653	669	685
Youth Justice Investment - Additional Childrens Court Matters	38	225	—	—	—
Youth Justice Investment - Townsville Community Youth Response	—	209	215	221	226
Counter-Terrorism Capability and Capacity	—	—	774	—	—
Targeting Serious and Organised Crime	—	—	4,967	—	—
Youth Justice Investment - Police Overtime for Supervision of Young People in Watchhouses	938	—	—	—	—
Youth Justice Investment - Project Booyah - Framing the Future ²	—	—	410	—	—
Portfolio Total	976	15,183	7,019	890	911
Queensland Treasury					
Camera Detection Offence Program	—	745	2,030	2,081	2,360
Government Investment in Renewable Energy - CleanCo Queensland Limited Establishment	10,000	—	—	—	—
Jobs and Regional Growth Fund	—	—	—	—	—
Resources Community Infrastructure Fund	—	—	—	—	—
Portfolio Total	10,000	745	2,030	2,081	2,360
Total impact on Expense since 2018-19 MYFER	30,728	890,997	926,664	883,591	1,479,992
Total impact on Expense since the 2018-19 Budget	138,532	1,209,167	1,159,716	1,109,830	1,569,229
Less Australian Government funding	1,263	—	—	—	—
Net of Measures funded by Australian Government	137,269	1,209,167	1,159,716	1,109,830	1,569,229

1. Further funding for this measure can be found in the Post Mid-Year Fiscal and Economic Review section of this table.
2. Further funding for this measure can be found in the up to and including Mid-Year Fiscal and Economic Review section of this table.

Table 1.3: Capital measures since the 2018-19 Budget

Capital measures up to and including MYFER	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Department of Child Safety, Youth and Women					
Staged Replacement of Integrated Client Management System ¹	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Department of Environment and Science					
Accelerating Science Delivery Innovation Tranche 2	365	3,024	84	(961)	(961)
National Parks Harsh Environment Fire Vehicles	—	560	—	—	—
Portfolio Total	365	3,584	84	(961)	(961)
Department of Housing and Public Works					
North Queensland Stadium	43,500	—	—	—	—
Portfolio Total	43,500	—	—	—	—
Department of Justice and Attorney-General					
Recording and Transcription Services	—	801	1,898	—	—
Office of the Public Guardian	175	500	400	125	—
Portfolio Total	175	1,301	2,298	125	—
Public Safety Business Agency					
Queensland Government Air - Aircraft Maintenance and Compliance ¹	220	—	—	—	—
Portfolio Total	220	—	—	—	—
Queensland Corrective Services					
Expansion of Bunk Beds	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Queensland Health					
Caboolture Hospital Expansion	—	—	—	70,200	30,000
Portfolio Total	—	—	—	70,200	30,000
Queensland Police Service					
Monitoring Reportable Offenders	640	—	—	—	—
Portfolio Total	640	—	—	—	—
Queensland Treasury					
Government Investment in Renewable Energy - CleanCo Queensland Limited Establishment	20,000	—	—	—	—
Government Investment in Renewable Energy - CleanCo Queensland Limited Generation	—	—	—	—	—
Portfolio Total	20,000	—	—	—	—
Total impact on Capital up to and including MYFER	64,900	4,885	2,382	69,364	29,039

2019-20 Budget Measures

Capital measures since 2018-19 MYFER	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Department of Agriculture and Fisheries					
Supporting Delivery of the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report) Recommendations	—	1,623	—	—	—
Portfolio Total	—	1,623	—	—	—
Department of Child Safety, Youth and Women					
Staged Replacement of Integrated Client Management System ²	—	14,782	7,119	—	—
Portfolio Total	—	14,782	7,119	—	—
Department of Education					
Building Future Schools Fund - increased funding	21,700	146,500	172,800	102,900	49,900
School infrastructure	10,000	101,300	140,000	—	—
Air-conditioning in state schools	—	25,000	25,000	25,000	25,000
Office of Industrial Relations ICT Investment	—	1,000	1,000	1,000	1,000
Youth FlexiSpaces in Schools	—	—	—	—	—
Portfolio Total	31,700	273,800	338,800	128,900	75,900
Department of Environment and Science					
Revitalising National Parks	—	10,000	—	—	—
Queensland Museum - Critical Maintenance and Infrastructure Works	—	6,655	2,997	—	—
Arts Infrastructure Investment Fund	—	2,500	2,500	—	—
Queensland Parks and Wildlife Service - Enhanced Fire Management	—	1,700	3,600	1,500	—
Queensland Cultural Centre - Critical Infrastructure Asset Renewal	—	1,450	5,470	—	—
East Trinity Environmental Reserve - Infrastructure Program	—	940	1,640	570	—
Saving Queensland's Threatened Species - Koalas	—	516	300	—	—
Cape York Peninsula Tenure Resolution Program and National Park Joint Management with Traditional Owners	—	500	—	—	—
North Stradbroke Island (Minjerrabah) Protected Area Estate Expansion and Construction of Ranger Base	—	—	—	—	—
Protected Area Acquisitions - Noosa Koala Corridor	—	—	—	—	—
Portfolio Total	—	24,261	16,507	2,070	—
Department of Housing and Public Works					
Gabba Refurbishment	—	35,000	—	—	—
Government Employee Housing - Critical Works	—	27,700	—	—	—
Queensland Government Data Centres and Services	—	—	—	—	—
Portfolio Total	—	62,700	—	—	—
Department of Innovation, Tourism Industry Development and the Commonwealth Games					
Wangetti Trail	—	—	4,520	25,928	—
Portfolio Total	—	—	4,520	25,928	—

2019-20 Budget Measures

Capital measures since 2018-19 MYFER	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Department of Justice and Attorney-General					
Courthouse Maintenance and Upgrades	—	2,375	2,375	—	—
Community Justice Groups - System Enhancement	—	62	188	—	—
Portfolio Total	—	2,437	2,563	—	—
Department of Natural Resources, Mines and Energy					
Hopeland (Linc Energy) Management and Remediation	—	3,770	290	100	100
Abandoned Mines - Care and Maintenance, Risk Mitigation, Remediation and Consultation	—	2,800	500	—	—
Portfolio Total	—	6,570	790	100	100
Department of Transport and Main Roads					
Cairns Shipping Development Project	30,000	30,000	—	—	—
Disaster Recovery Funding Arrangements	—	16,300	33,700	—	—
Townsville Channel Capacity Upgrade Project	59,817	10,000	15,000	15,000	20,000
Camera Detected Offence Program	—	2,000	15,750	38,750	110,000
Clapham Rail Yards land acquisition	—	—	—	—	—
Port of Townsville Common User Facility	—	—	—	—	—
Roma Street Busway Interchange	—	—	—	—	—
Portfolio Total	89,817	58,300	64,450	53,750	130,000
Department of Youth Justice					
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	150	23,858	3,000	—	—
Youth Justice Investment - New Youth Detention Centre at Wacol	300	9,700	—	—	—
Youth Justice Investment - Youth Detention Centres: Upgrade Program	—	1,010	—	—	—
Portfolio Total	450	34,568	3,000	—	—
Legislative Assembly of Queensland					
Critical Infrastructure and Services Upgrade Program	—	3,412	6,219	4,862	—
Portfolio Total	—	3,412	6,219	4,862	—
Public Safety Business Agency					
Queensland Government Air - Aircraft Maintenance and Compliance ²	—	6,611	—	—	—
Portfolio Total	—	6,611	—	—	—
Queensland Corrective Services					
Minor Capital Works and Maintenance	—	8,000	8,500	5,600	—
Taskforce Flaxton	—	2,200	—	—	—
Southern Queensland Correctional Precinct - Stage 2	—	—	—	—	—
Portfolio Total	—	10,200	8,500	5,600	—

2019-20 Budget Measures

Capital measures since 2018-19 MYFER	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Health					
Caboolture Hospital Carpark	—	1,650	28,790	11,740	4,010
Fraser Coast Mental Health Service	—	—	—	—	—
Infrastructure Maintenance Program	—	—	—	—	—
Logan Hospital Expansion	—	—	—	120,000	59,671
Redcliffe Hospital MRI and CT Scanner	—	—	—	—	—
Portfolio Total	—	1,650	28,790	131,740	63,681
Total impact on Capital since 2018-19 MYFER	121,967	500,914	481,258	352,950	269,681
Total impact on Capital since the 2018-19 Budget	186,867	505,799	483,640	422,314	298,720
Less Australian Government funding	—	10,000	15,000	15,000	20,000
Net of Measures funded by Australian Government	186,867	495,799	468,640	407,314	278,720

1. Further funding for this measure can be found in the Post Mid-Year Fiscal and Economic Review section of this table.
2. Further funding for this measure can be found in the up to and including Mid-Year Fiscal and Economic Review section of this table.

Table 1.4: Revenue measures since the 2018-19 Budget

<u>Revenue measures up to and including MYFER</u>	<u>2018-19 \$'000</u>	<u>2019-20 \$'000</u>	<u>2020-21 \$'000</u>	<u>2021-22 \$'000</u>	<u>2022-23 \$'000</u>
Department of Transport and Main Roads					
Cost Recovery for Drink Driving Reforms	—	3,081	3,234	3,434	3,642
Portfolio Total	—	3,081	3,234	3,434	3,642
Total impact on Revenue up to and including MYFER	—	3,081	3,234	3,434	3,642

2019-20 Budget Measures

<u>Revenue measures since 2018-19 MYFER</u>	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Department of Education					
Amendments to the Schedule of Fees prescribed in the Education (Queensland Curriculum and Assessment Authority) Regulation 2014	—	637	539	553	567
Portfolio Total	—	637	539	553	567
Department of Environment and Science					
Wangetti Trail	—	—	—	—	2,111
Reduction in Regulated Fees - Pig Keeping	(34)	(155)	(159)	(163)	(166)
Portfolio Total	(34)	(155)	(159)	(163)	1,945
Department of Natural Resources, Mines and Energy					
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—
Portfolio Total	—	—	—	—	—
Electoral Commission of Queensland					
Local Government Elections	—	—	3,713	—	—
Portfolio Total	—	—	3,713	—	—
Queensland Treasury					
Land tax - foreign surcharge	—	131,000	134,000	136,000	139,000
Royalties - Petroleum royalty rate increase	—	113,000	123,000	120,000	120,000
Land tax - Increased rate for Companies and Trusts	—	56,000	58,000	60,000	64,000
Additional Revenue Compliance Program	—	20,000	40,000	80,000	80,000
Payroll tax reform for jobs growth (net revenue impact)	—	(45,000)	(138,000)	(121,000)	(37,000)
Portfolio Total	—	275,000	217,000	275,000	366,000
Total impact on Revenue since 2018-19 MYFER	(34)	275,482	221,093	275,390	368,512
Total impact on Revenue since the 2018-19 Budget	(34)	278,563	224,327	278,824	372,154

2 Expense Measures

Introduction

The following tables present the relevant portfolio expense measures relating to decisions taken since the 2018-19 Budget. This does not represent the full amount of additional funding provided to agencies since the 2018-19 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1.

Department of Aboriginal and Torres Strait Islander Partnerships

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Infrastructure for remote Aboriginal and Torres Strait Islander Communities	—	5,200	1,700	700	700

The Government is providing additional funding of \$8.3 million over four years and \$700,000 per annum ongoing for infrastructure in remote Aboriginal and Torres Strait Islander communities. This includes the construction and ongoing maintenance of new splash park facilities on Palm Island and Thursday Island.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Reframing the relationship	—	3,962	3,475	1,699	—

The Government is providing additional funding of \$9.1 million over three years to increase self-determination and economic participation, and improve life outcomes for Aboriginal and Torres Strait Islander Queenslanders through co-designed local, regional and statewide initiatives.

Funding of \$22.2 million over five years is also being internally met by the department for these initiatives. The initiatives will be developed in consultation with Aboriginal and Torres Strait Islander Queenslanders, and will include reforms to service delivery in remote and discrete communities.

The 2019-20 Budget also continues the Government's commitment to fund the Family Responsibilities Commission.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Aboriginal and Torres Strait Islander Youth Mental Health and Wellbeing	—	750	1,500	2,050	2,600

The Government is providing additional funding of \$6.9 million over four years to develop and implement an Aboriginal and Torres Strait Islander youth mental health and wellbeing program.

This forms part of the Government's total funding of \$80.1 million over four years to support the Shifting Minds Suicide Prevention Flagship. Further details can be found in the Queensland Health and Department of Education sections of this chapter.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Developing an Aboriginal and Torres Strait Islander Languages Policy	—	674	—	—	—

The Government is providing additional funding of \$674,000 in 2019-20 for the development of an Aboriginal and Torres Strait Islander Languages Policy. 2019 has been declared the International Year of Indigenous Languages.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Work history research and legal services	—	520	—	—	—

The Government is providing increased funding of \$520,000 in 2019-20 for legal services and work history research.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Closing the Gap monitoring - essential data services	—	477	491	505	519

The Government is providing increased funding of \$2 million over four years and \$350,000 per annum ongoing from 2023-24 for data services to monitor and inform reporting on progress toward the achievement of Closing the Gap targets.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Addressing domestic and family violence impacting Aboriginal and Torres Strait Islander people	—	456	464	471	480

The Government is providing increased funding of \$1.9 million over four years and \$480,000 per annum ongoing to support High Risk Teams tackling domestic and family violence in Caboolture and Mackay.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Alcohol Management Plans	—	400	500	750	750

The Government is providing increased funding of \$2.4 million over four years for services to reduce alcohol related harm in Aboriginal and Torres Strait Islander communities. The department is internally funding \$3.7 million over three years for the implementation of the alcohol management plans.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Kupai Omasker	—	368	—	—	—

The Government is providing increased funding of \$368,000 in 2019-20 to finalise the design of the preferred model and develop legislation for legal recognition of traditional Torres Strait Islander child rearing practices.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Former Origin Greats Achieving Results Through Indigenous Education Program	—	—	—	—	—

The Government is providing additional funding of \$4.5 million over three years from 2019-20 to Former Origin Greats Queensland to support an expansion of the Achieving Results Through Indigenous Education Program into an additional 20 state primary schools across the State. This funding is being sourced from the increased Queensland Government funding for state schools, which can be found in the Department of Education section of this chapter.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Legislative Reform	—	—	—	—	—

Funding of \$3.2 million over five years from 2018-19 is being internally met by the department to develop legislative reform to inform a rights-based legislative platform for a reframed relationship between Aboriginal and Torres Strait Islander peoples and the Queensland Government.

Department of Agriculture and Fisheries

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Improving Swimmer Safety including the Shark Control Program	—	4,219	4,259	4,207	4,398

The Government is providing additional funding of \$17.1 million over four years and \$4.4 million per annum ongoing to continue the shark control program, undertake research and trial the application of new technologies (such as drones) in swimmer risk mitigation and roll out education and awareness programs.

This forms part of the Government's total funding package of \$18.7 million over four years and \$4.8 million per annum ongoing to improve swimmer safety. Further details can be found in the Department of Innovation, Tourism Industry Development and the Commonwealth Games and the Queensland Fire and Emergency Services sections of this chapter.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Continuation of Fisheries Reform	—	2,100	8,506	—	—

The Government is providing increased funding of \$10.6 million over two years to continue the fisheries reform process which includes upgrades to the compliance system and fish aggregating devices.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland's Obligations within the National Biosecurity System	1,411	1,370	790	—	—

The Government is providing additional funding of \$3.6 million over three years to meet Queensland's obligations within the National Biosecurity System, which will help mitigate the risks and impacts of significant pests and diseases.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Small Business Regulatory Reform Project	2,395	1,273	150	7	—

The Government is providing additional funding of \$3.8 million over four years to support businesses in the agricultural industries meet their compliance obligations and find targeted information to manage biosecurity risks and agricultural chemicals. This includes additional funding for the Biosecurity Entity Online Customer Portal (\$1.9 million), Digitisation and Modernisation of the Agricultural Chemical Regulatory Regime (\$1.5 million) and the Biosecurity Planning App (\$397,000).

This forms part of the Queensland and Australian Government's Small Business Regulatory Reform Project Agreement to deliver projects that reduce the regulatory burden on small business. The projects undertaken as part of this Agreement will leverage \$60.1 million in reward payments from the Australian Government upon successful completion of relevant project milestones. Further details can be found in the Department of Employment, Small Business and Training, Queensland Health and Department of Transport and Main Roads sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Supporting Delivery of the Queensland Greyhound Racing Industry Commission of Inquiry (MacSporran Report) Recommendations	—	848	843	955	1,091

The Government is providing increased funding of \$3.7 million over four years (\$4.9 million over five years) to fund depreciation and amortisation expenditure associated with the continued implementation of the Racing Science Centre capital program and system upgrades to the Registration and Licensing Environment. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—

The Government is providing increased funding of up to \$50 million over four years from 2019-20 (\$25 million in 2019-20), held centrally, as part of the Drought Assistance Package and Queensland Drought Reform. This funding provides for the continuation of freight subsidies and emergency water infrastructure rebates to help producers and communities that have been affected by drought across the State and for the commencement of Queensland Drought Reform.

The Drought Assistance Package and Queensland Drought Reform is a total of up to \$74.6 million over four years from 2019-20 to support drought affected communities across the State. Further details can be found in the Department of Communities, Disability Services and Seniors, and Department of Natural Resources, Mines and Energy sections of this chapter and the Department of Natural Resources, Mines and Energy section of Chapter 4 Revenue Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Panama Disease Tropical Race 4 Program	—	—	—	—	—

The Government is providing increased funding of \$12.1 million over five years to control and contain the Panama Tropical Race 4 (TR4) disease incorporating a strong, robust industry model that shares the responsibility of managing this disease. The Government is currently negotiating the development of a partnership agreement with industry to jointly fund, deliver, design and govern the Panama TR4 Program in Queensland.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Agricultural Training Colleges	—	—	—	—	—

The Government is providing additional funding of \$7 million over two years, held centrally, to support Queensland Agricultural Training Colleges (QATC) to cease operations at the end of 2019 and transition to more modern and cost-effective training, which is in line with the Coaldrake Review recommendations. This funding will ensure support is provided to students, staff and the community and QATC's liabilities are extinguished.

Department of Child Safety, Youth and Women

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Family Support and Child Protection Reforms	—	127,664	120,778	120,813	150

The Government is providing increased funding of \$369.4 million over four years, with a further \$113.3 million being internally met by the department to continue the family support and child protection system reforms through *Supporting Families Changing Futures*.

This includes \$196.5 million for the Intensive Family Support services to continue early intervention support services for families and parents experiencing vulnerability who have more complex needs, to ensure they receive necessary support before Child Safety intervention. Also included is \$99.8 million for the Aboriginal and Torres Strait Islander Family Wellbeing Service, \$45.5 million for the Family and Child Connect Service and \$24.7 million to support foster and kinship carers through non-government organisations.

Funding under this measure (including further funding of \$720,000 from the Department of Youth Justice) will assist in implementation of the second Our Way Changing Tracks Action Plan and the development of first Breaking Cycles Action Plan to address the disproportionate representation of Aboriginal and Torres Strait Islander children in the child protection system (total of \$14.6 million over four years).

This forms part of the Government's total funding package of \$517.5 million (\$401.6 million new funding and \$115.9 million internally funded) over four years to continue Queensland's family support and child protection reforms. Further details can be found in the Department of Education and Department of Justice and Attorney-General sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Family Support and Child Protection Reforms - Extension of Foster Carer Allowance	—	—	2,398	2,398	2,398

The Government will provide additional funding of \$7.2 million over three years and \$2.4 million per annum ongoing to extend the foster and kinship carer allowance to support the change in eligibility as a result of the introduction of the Prep year in Queensland, to ensure young people past the age of 18 can remain with their carers while completing high school.

This forms part of the Government's total funding package of \$517.5 million (\$401.6 million new funding and \$115.9 million internally funded) over four years to continue Queensland's family support and child protection reforms. Further details can be found in the Department of Education and Department of Justice and Attorney-General sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Supporting Children and Young People with Complex and Challenging Behaviours	—	20,000	—	—	—

The Government is providing increased funding of \$20 million in 2019-20 to support children and young people in care with complex and challenging behaviours.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Staged Replacement of Integrated Client Management System	—	10,286	9,443	4,710	4,795

The Government is providing increased funding of \$29.2 million over four years, and \$4.9 million per annum ongoing from 2023-24 to progress the next stage of the replacement of the current Integrated Client Management System. The new 'Unify' system will incorporate new and enhanced functionality for the department and the Department of Youth Justice, and for integrated multi-agency collaboration and improved sharing and management of child protection information, to better support children and families in the child protection and youth justice systems.

Further expense funding of \$52.7 million over four years and recurrent funding averaging \$8 million per annum from 2023-24 is held centrally to deliver and support Tranche 1 of the new solution. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Women in Custody	2,365	2,975	2,525	—	—

The Government is providing additional funding of \$7.9 million over three years to commence a suite of pilot programs and services that targets the needs of women prisoners and offenders. These include a parenting program for mothers on remand, and victim counselling and accommodation support to assist women transitioning from remand to bail. Funding will also support an Aboriginal and Torres Strait Islander Women's Rehabilitation and Healing program, Early Intervention Community program, and procurement of women's re-entry services at the Southern Queensland Correctional Centre.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Redress Scheme	3,411	5,901	6,250	6,440	—

The Government is providing additional funding of \$22 million over four years for the department to lead and coordinate Queensland's participation in the National Redress Scheme for survivors of institutional child sexual abuse.

Further details can be found in the Department of Housing and Public Works, the Department of Justice and Attorney-General and the Department of Communities, Disability Services and Seniors sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Family and Wellbeing Service	—	2,260	4,120	—	—

The Government is providing additional funding of \$6.4 million over two years for an enhanced Youth and Family Wellbeing service for young people and their families at risk of entering the youth justice system. Extra case workers will be assigned in Indigenous community controlled services in priority locations to help Aboriginal and Torres Strait Islander young people stay away from crime.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Truth, Healing and Reconciliation Taskforce	431	432	438	445	454

The Government is providing funding of \$2.2 million over five years with a further \$500,000 internally met by the department to establish and operationalise the Truth, Healing and Reconciliation Taskforce to help guide the implementation of activities and reform initiatives and help raise public awareness of the impact of institutional child sexual abuse.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Anti-Cyberbullying Initiatives	1,250	1,250	—	—	—

The Government is providing additional funding of \$2.5 million over two years for statewide public awareness and education campaigns in response to the Queensland Anti-Cyberbullying Taskforce. This includes \$500,000 over two years for a grants program for young people and youth, community and sporting organisations to enable them to undertake anti-cyberbullying initiatives in their community.

This forms part of the Government's total funding of \$3.5 million over two years for the implementation of the recommendations of the Queensland Anti-Cyberbullying Taskforce Report, *Adjust our Settings: A community approach to address cyberbullying among children and young people in Queensland*. Further details can be found in the Department of Education section of this chapter.

A further \$1.2 million over four years has been funded internally by the Department of Child Safety, Youth and Women to expand existing universal parenting support and education programs and phone counselling services to equip parents with the skills and knowledge to respond to the issue of cyberbullying.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Perpetrator Intervention Initiatives	—	410	810	—	—

The Government is providing additional funding of \$1.2 million over two years to provide perpetrator intervention services to help people committing violence and abuse in a domestic or family environment to break the cycle and to help them change their abusive behaviour.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Fighting Youth Sexual Violence	1,450	3,442	3,515	3,508	—

The Government is providing additional funding of \$11.9 million over four years for new and expanded services to deliver a comprehensive and holistic response to sexual violence and abuse. This includes community education activities and place-based trials to respond to young people who have experienced sexual violence or are at risk of engaging in early sexual offending behaviour.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Women with disability and their children	—	755	755	—	—

The Government is providing additional funding of \$1.5 million over two years to respond to the needs of women with disability, and their children, who are experiencing domestic and family violence.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Disability Insurance Scheme Transition Support: Children with Disability in the Child Protection System	—	9,636	—	—	—

The Government is providing increased funding of \$9.6 million in 2019-20 to continue the provision of support for children with disability, both in the child protection system and in voluntary out of home care arrangements. This funding will ensure a smooth transition to the National Disability Insurance Scheme (NDIS) for Queensland children with disability.

This funding is part of the total of \$61.9 million over two years provided by the Queensland Government as a temporary measure while interface issues between the NDIS and mainstream services are resolved through national policy work, to ensure clients are able to access critical supports while they transition to the NDIS. Further details can be found in the Department of Communities, Disability Services and Seniors, Queensland Health, and the Department of Transport and Main Roads sections of this chapter.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Youth Justice Investment - Navigate Your Health	—	—	—	—	—

The department is internally funding \$800,000 over two years for the Navigate Your Health Initiative to expand the trial of comprehensive health screening and assessments for young people in care to include young people in the Youth Justice system.

This forms part of the Government's total funding of \$3.5 million over two years. Further details can be found in the Queensland Health section of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

Department of Communities, Disability Services and Seniors

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Support for people with disability	—	24,797	4,243	2,593	2,661

The Government is providing increased funding of \$34.3 million over four years and \$2.7 million ongoing to continue to support people with disability.

This includes increased funding of \$28.7 million over four years and \$2.7 million ongoing to continue authorisation of restrictive practices, criminal screening of providers, management of complaints and investigations, National Disability Insurance Scheme (NDIS) performance monitoring, policy and legislative functions, and continuity of support for clients ineligible for the NDIS.

This funding also includes \$5.6 million in 2019-20 for peak bodies in the disability services sector.

This funding is part of the total of \$62.7 million over four years provided by the Government to continue state services to meet obligations under State legislation and ensure continuity of support for people with disability in Queensland. Further details can be found in the Department of Justice and Attorney-General and Queensland Health sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Disability Insurance Scheme Transition Support:					
Queensland Community Support Scheme - Transport Supports	—	7,000	—	—	—

The Government is providing increased funding of \$7 million in 2019-20 to enhance transport supports available through the Queensland Community Support Scheme. This funding will ensure a smooth transition to the National Disability Insurance Scheme (NDIS) for Queenslanders with disability.

This funding is part of the total of \$61.9 million over two years provided by the Queensland Government as a temporary measure while interface issues between the NDIS and mainstream services are resolved through national policy work, to ensure clients are able to access critical supports while they transition to the NDIS. Further details can be found in the Department of Child Safety, Youth and Women, Queensland Health and the Department of Transport and Main Roads sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Tackling Alcohol Fuelled Violence Program	—	3,316	—	—	—

The Government is providing increased funding of \$3.3 million in 2019-20 to continue delivery of Safe Night Precinct Support Services which provide early intervention to ensure people affected by excessive alcohol consumption receive necessary assistance and are not exposed to risk or harm as a result of their condition.

This forms part of the Government's overall package of \$6.6 million to continue the Tackling Alcohol Fuelled Violence Program in 2019-20. Further details can be found in the Queensland Corrective Services and Department of Justice and Attorney-General sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Disability Insurance Scheme Transition Support: Queensland Community Support Scheme in remote and discrete Aboriginal and Torres Strait Islander communities	—	2,000	2,000	—	—

The Government is providing increased funding of \$ 4 million over two years to supplement the Queensland Community Support Scheme in remote and discrete Aboriginal and Torres Strait Islander communities and build capability of service providers. This funding will ensure a smooth transition to the NDIS for Queenslanders with disability.

This funding is part of the total of \$61.9 million over two years provided by the Queensland Government as a temporary measure while interface issues between the NDIS and mainstream services are resolved through national policy work, to ensure clients are able to access critical supports while they transition to the NDIS. Further details can be found in the Department of Child Safety, Youth and Women, Queensland Health, and the Department of Transport and Main Roads sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Thriving Communities, Advancing Queensland: Continuation of Community Connect workers	—	1,500	1,500	1,500	1,500

The Government is providing increased funding of \$6 million over four years and \$1.5 million per annum ongoing for the continuation of 12 existing Community Connect workers to facilitate support and referrals for individuals and families to specialist services.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Place-based approaches	—	750	750	750	750

The Government is providing increased funding of \$3 million over four years (\$3.8 million over five years) to support Logan Together, a co-funded initiative with the Logan City Council and the Australian Government to reduce the rate of developmentally vulnerable 0-8 year-olds in Logan.

The Government is also providing additional funding of \$2.7 million over four years (\$3.9 million over five years), held centrally, to support new place-based responses in Gladstone and Rockhampton.

Australian Government funding will be provided for these initiatives through the *Stronger Places, Stronger People* initiative.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
School Breakfast Program	—	348	267	273	280

The Government is providing increased funding of \$1.2 million over four years (\$1.5 million over five years) to Foodbank Queensland to expand the School Breakfast Program to additional schools across the State.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Redress Scheme	—	145	148	152	—

The Government is providing additional funding of \$445,000 over three years for a coordinator to support participation in the National Redress Scheme for survivors of institutional child sexual abuse. This funding is complemented by internal funding.

Further details can be found in the Department of Housing and Public Works, the Department of Justice and Attorney-General and the Department of Child Safety, Youth and Women sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—

The Government is providing additional funding of up to \$5.2 million in 2019-20, held centrally, as part of the Drought Assistance Package and Queensland Drought Reform. This funding provides financial assistance with bills and cost of living to reflect the current needs of those who are struggling in their seventh consecutive year of drought.

The Drought Assistance Package and Queensland Drought Reform is a total of up to \$74.6 million over four years from 2019-20 to support drought affected communities across the State. Further details can be found in the Department of Agriculture and Fisheries, Department of Natural Resources, Mines and Energy sections of this chapter and the Department of Natural Resources, Mines and Energy section of Chapter 4 Revenue Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Townsville Women's Centre premises	—	—	—	—	—

Funding of up to \$3.2 million over two years has been internally met by the department to fully fund the construction of the new Townsville Women's Centre premises. The expanded Centre will continue to provide women with a safe space to access free services including counselling, health services, information and referral, homelessness support, and therapeutic groups.

Department of Education

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
State schools - increased funding	3,080	194,900	247,270	263,120	425,870

The Government is providing increased funding of approximately \$1.1 billion over the forward estimates (approximately \$1.4 billion over calendar years 2019 to 2023) for Queensland state schools, as part of the five-year school funding agreement reached with the Australian Government in December 2018. This funding (which will fluctuate with enrolment changes as it is based on per student amounts) will go towards a range of initiatives to support improved educational outcomes in Queensland state schools and support the implementation of the National School Reform Agreement.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Early childhood education and care - regulation	—	13,163	13,368	—	—

The Government is providing increased funding of \$26.5 million over two years to continue and enhance regulation of the early childhood sector. Regulation aims to ensure children's health, safety and wellbeing, and supports educational outcomes in the early childhood sector.

The Government will continue to work with the Australian Government to seek a funding contribution to early childhood education and care regulation in Queensland.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Early childhood education and care - universal access to kindergarten	—	10,801	19,576	—	—

The Government is providing increased funding of \$30.4 million over two years to support the continued provision of universal access to kindergarten for children in the year before school.

The Government will continue to work with the Australian Government to seek a long-term funding commitment to universal access to kindergarten in Queensland.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Remuneration and Certification of Highly Accomplished and Lead Teachers	3,624	8,246	12,110	14,290	14,290

The Government is providing additional funding of \$52.6 million over five years and \$14.3 million per annum ongoing for the remuneration and certification of Highly Accomplished and Lead Teachers. This includes additional funding of \$ 39.9 million over five years and \$11.5 million per annum ongoing for the remuneration of teachers certified as Highly Accomplished or Lead Teachers, and additional funding of \$12.7 million over five years and \$2.8 million per annum ongoing for the implementation of the certification process.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Office of Industrial Relations ICT Investment	—	1,000	1,000	1,000	1,000

The Government is providing additional funding of \$4 million over four years to support the implementation of recommendations from the *Best Practice Review of Workplace Health and Safety Queensland*.

Total funding for this initiative is \$8 million over four years. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Family Support and Child Protection Reforms - Student Protection Principal Advisors	—	593	608	623	—

The Government is providing increased funding of \$1.8 million over three years, with a further \$1.8 million internally met by the department, to continue the roles of the regional student protection principal advisors. These advisors strengthen the department's capacity in supporting schools to respond to student protection matters.

This forms part of the Government's total funding package of \$517.5 million (\$401.6 million new funding and \$ 115.9 million internally funded) over four years to continue Queensland's family support and child protection reforms. Further details can be found in the Department of Child Safety, Youth and Women and the Department of Justice and Attorney-General sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	—	125	587	601	617

The Government is providing additional funding of \$1.9 million over four years and \$ 617,000 per annum ongoing to provide education services to support the expanded capacity at the Brisbane Youth Detention Centre.

This forms part of the Government's total investment of \$27 million capital and \$18.3 million operating over five years, and \$5.7 million per annum operating ongoing for the additional 16 beds at Brisbane Youth Detention Centre. Further details can be found in the Department of Youth Justice and Queensland Health sections of this chapter, and in the Department of Youth Justice section of Chapter 3 Capital measures.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Additional Support for Students with a Disability	—	—	—	—	—

The Government is providing increased funding of \$136.2 million over four years from 2019-20 to ensure that there is optimal student to teacher ratios to support students with a disability. This funding is being sourced from the increased Queensland Government funding for state schools.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Anti-Cyberbullying Initiatives	—	—	—	—	—

Funding of \$1 million over two years from 2018-19 has been internally met by the department for anti-cyberbullying initiatives in Queensland state schools. This forms part of the Government's total funding of \$3.5 million over two years for the implementation of the recommendations of the Queensland Anti-Cyberbullying Taskforce Report, *Adjust our Settings: A community approach to address cyberbullying among children and young people in Queensland*. Further details can be found in the Department of Child Safety, Youth and Women section of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Daniel Morcombe Foundation	—	—	—	—	—

The Government is providing additional funding of \$721,000 over three years from 2019-20 to the Daniel Morcombe Foundation to support the annual Day for Daniel. The Government shares the aims and objectives of the Day for Daniel in delivering the message of child safety awareness to schools across Queensland and the nation. This funding will ensure that the Day for Daniel can continue to grow and achieve its goal of making Australia a safe place for all children. This funding is being sourced from the increased Queensland Government funding for state schools.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Digital Engagement Strategy	—	—	—	—	—

The Government is providing additional funding of \$2.3 million over four years from 2018-19 to establish online platforms targeted at disengaged youth and their parents, to facilitate re-engagement with education, training and career opportunities. This funding is being sourced from the increased Queensland Government funding for state schools.

Total funding for this initiative is \$4.6 million over five years. Further details can be found in the Department of Employment, Small Business and Training section of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Early Childhood Development Programs	—	—	—	—	—

The Government is providing increased funding of \$63.6 million over four years from 2019-20 and \$18.7 million per annum ongoing to continue the provision of early childhood development programs and services to support children aged 0 to 5 years with significant educational support needs.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Link & Launch Program	—	—	—	—	—

The Government is providing additional funding of \$8 million over four years from 2018-19 to assist disengaged Year 12 completers in areas of disadvantage to navigate their way back into education, training or employment. This funding is being sourced from the increased Queensland Government funding for state schools.

Total funding for this initiative is \$9.6 million over four years from 2018-19. Further details can be found in the Department of Employment, Small Business and Training sector of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
New Senior Assessment and Tertiary Entrance Arrangements	—	—	—	—	—

The Government will provide increased funding of \$133.4 million over three years from 2020-21 and \$45.1 million per annum ongoing to support new senior assessment and tertiary entrance arrangements. This funding is being sourced from the increased Queensland Government funding for state schools.

Funding of \$34.2 million over three years from 2020-21 will also be met internally by the department to fund this measure, bringing total funding to \$167.6 million over three years from 2020-21 and \$56.6 million per annum ongoing.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Regional Youth Engagement Hubs	—	—	—	—	—

The Government is providing additional funding of \$11.2 million over four years from 2018-19 to expand the role played by Regional Youth Engagement Hubs to help young people who become disengaged from education to reconnect with education or training, or to gain employment. This funding is being sourced from the increased Queensland Government funding for state schools.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Shifting Minds Suicide Prevention Flagship	—	—	—	—	—

The Government is providing additional funding of \$10 million over four years from 2019-20 and \$2.5 million per annum ongoing, for additional Guidance Officers and Mental Health Coaches in schools. This funding is being sourced from the increased Queensland Government funding for state schools.

This forms part of the Government's total funding of \$80.1 million over four years to support the Shifting Minds Suicide Prevention Flagship. Further details can be found in the Queensland Health and Department of Aboriginal and Torres Strait Islander Partnerships sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth FlexiSpaces in Schools	—	—	—	—	—

The Government is providing additional funding of \$6.6 million over four years from 2018-19 to establish FlexiSpaces in up to 52 state schools across the State. FlexiSpaces will provide teaching and wellbeing support to keep at-risk young people in education. This funding is being sourced from the increased Queensland Government funding for state schools.

Total funding for this initiative is \$16.6 million over four years from 2018-19. The capital component of this measure can be found in Chapter 3 Capital Measures.

Department of Employment, Small Business and Training

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Small Business Regulatory Reform	4,773	8,370	6,282	1,007	767

The Government is providing additional funding of \$21.2 million over five years and \$767,000 per annum ongoing to deliver the Queensland Business Launch Pad and a Vocational Education Training Consumer Support Program to make it easier for businesses to start, grow and employ.

This forms part of the Queensland and Australian Government's Small Business Regulatory Reform Project Agreement to deliver projects that reduce the regulatory burden on small business. The projects undertaken as part of this Agreement will leverage \$60.1 million in reward payments from the Australian Government upon successful completion of relevant project milestones. Further details can be found in the Department of Agriculture and Fisheries, Queensland Health and Department of Transport and Main Roads sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Advancing Small Business Queensland Strategy 2016-2020	—	4,000	—	—	—

The Government is providing increased funding of \$4 million in 2019-20 for additional grant funding under the Advancing Small Business Queensland Strategy 2016-2020, to continue making Queensland the place for small business to start, grow and employ.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Micro-Credentialing Pilot	—	1,000	3,000	1,500	—

The Government is providing additional funding of \$5.5 million over three years for the Micro-Credentialing Pilot to support industry led skills development designed to address emerging workforce skills requirements. The pilot will match industry skill needs with focused training for employees and include options to develop skills, skill sets or knowledge that is required by industry, professional associations, or the community. The focused training will help businesses more easily adopt innovations and improve productivity whilst supporting lifelong learning for employees.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Back to Work program - South East Queensland	—	—	—	—	—

The Government is providing increased funding of up to \$14 million over two years, held centrally, to meet continued demand for the Back to Work program in areas of South East Queensland with significant labour market challenges, with applications open until 30 June 2020.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Digital Engagement Strategy	—	—	—	—	—

Funding of \$2.3 million over four years from 2019-20 is being internally met by the department to improve online accessibility of vocational education and consumer training information for all young people.

Total funding for this initiative is \$4.6 million over five years. Further details can be found in the Department of Education section of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Higher Level Apprenticeship Pilot	—	—	—	—	—

The Government is providing \$300,000 over two years internally funded to establish a Higher Level Apprenticeship Pilot to provide opportunities to partner with industry to develop new pathways to layer specialised skills and knowledge with the traditional apprenticeship model.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Link & Launch Program	—	—	—	—	—

The Government is providing \$1.6 million over three years from 2019-20 internally funded to trial two community site pilots to assist disengaged Year 12 completers in areas of disadvantage to navigate their way back into education, training or employment.

Total funding for this initiative is \$9.6 million over four years from 2018-19. Further details can be found in the Department of Education section of this chapter.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Social Enterprise Strategy	—	—	—	—	—

The Government is providing \$1 million in 2019-20 internally funded for the Queensland Social Enterprise Strategy to support the further development and growth of the social enterprise sector in Queensland to create jobs, support inclusive and diverse workforce participation and deliver social impact outcomes.

Department of Environment and Science

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Cape York Peninsula Tenure Resolution Program and National Park Joint Management with Traditional Owners	—	6,985	4,152	2,940	975

The Government is providing increased funding of \$ 15.1 million over four years and \$975,000 per annum ongoing for the continuation of the Cape York Tenure Resolution program. The funding provides for the return of lands to Traditional Owners and the employment of Indigenous Rangers to manage country in Cape York and National Parks. The capital component of this measure can be found in Chapter 3 Capital Measures.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Hopeland (Linc Energy) - Ongoing Matters	—	5,414	3,479	—	—

The Government is providing increased funding of \$8.9 million over two years to support environmental monitoring of land impacted by underground coal gasification by-products; and the ongoing prosecution of Linc Energy and its former directors for alleged serious environmental harm.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Queensland Government Research Infrastructure Co-Investment Fund	—	5,000	7,500	7,500	5,000

The Government is providing additional funding of \$25 million over four years to the Queensland Government Research Infrastructure Co-Investment Fund to support investment in scientific research and development in Queensland.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
World Science Festival 2019 to 2021	3,000	3,000	3,000	—	—

The Government is providing increased funding of \$ 9 million over three years for the continued delivery of the World Science Festival. The program will continue to build upon the success of the past three years, promote year-round engagement, leverage new and additional programming opportunities and continue extension of the Festival in Brisbane and across regional Queensland.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Yellow Crazy Ant Control	—	3,000	3,000	3,000	—

The Government is providing increased funding of \$9 million over three years for control of yellow crazy ants, which is anticipated to be matched by the Australian Government. This funding will be directed to the Wet Tropics Management Authority to support local eradication of yellow crazy ants in the Wet Tropics World Heritage Area and adjacent areas.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Wildlife Management - Crocodiles	—	2,952	3,026	—	—

The Government is providing increased funding of \$6 million over two years to provide continued management of problem crocodiles, supported by robust scientific research and evaluation of current control methods.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Museum - Critical Maintenance and Infrastructure Works	—	2,875	1,875	875	875

The Government is providing additional funding of \$6.5 million over four years to replace/upgrade the research and biodiversity collection storage at the Queensland Museum. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Revitalising National Parks	—	2,500	—	—	—

The Government is providing increased funding of \$2.5 million in 2019-20 towards service and infrastructure programs that will enhance the management of the State's national parks and support nature based and cultural tourism opportunities to maintain the breadth and quality of visitor experiences. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Art Gallery Blockbuster Exhibition Funding	—	2,250	1,750	—	—

The Government is providing increased funding of \$4 million over two years to secure blockbuster exhibitions that are exclusive to Brisbane. Blockbuster exhibitions will continue to build Queensland Art Gallery's reputation as a globally significant visual arts institution.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Parks and Wildlife Service - Enhanced Fire Management	—	1,800	2,300	2,500	2,600

The Government is providing increased funding of \$9.2 million over four years and \$2.6 million per annum ongoing, to provide improved capability for the Queensland Parks and Wildlife Service to reduce risk to life, property and biodiversity from bushfires. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Aboriginal and Torres Strait Islander Cultural Centre	—	1,600	400	—	—

The Government is providing additional funding of \$2 million over two years to develop an options assessment for an Aboriginal and Torres Strait Islander Cultural Centre to celebrate and showcase the unique artistry and cultural heritage of Australia's First Nations Peoples.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
North Stradbroke Island (Minjerrabah) Townships Fire Management Strategies by the Quandamooka Yoolooburrabee Aboriginal Corporation	—	1,387	2,202	3,130	1,799

The Government is providing increased funding of \$8.5 million over four years for First Nations Peoples to implement the North Stradbroke Island (Minjerrabah) Townships Fire Management Strategies to reduce risk to life, property and cultural landscapes from bushfire around the townships of Dunwich, Amity Point and Point Lookout.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Parks Harsh Environment Fire Vehicles	—	805	—	—	—

The Government is providing increased funding of \$805,000 in 2019-20 towards the operation of vehicles in harsh environments in Queensland's Protected Area Estate, to ensure continued safety of staff, property and the community. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Saving Queensland's Threatened Species - Koalas	—	729	—	—	—

The Government is providing increased funding of \$729,000 in 2019-20 for continued support to the Daisy Hill Koala Centre, Moggill Koala Rehabilitation Centre and RSPCA Wildlife Hotline Service to provide care for sick and injured wildlife. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Implementing Waste Reforms for Queensland under a New Waste Management and Resource Recovery Strategy	—	600	400	—	—

The Government is providing an additional \$1 million over two years to deliver a waste management data strategy for Queensland. The strategy will improve collection and analysis of waste generation and management in Queensland. Further details can be found in the Department of Local Government, Racing and Multicultural Affairs section of this chapter.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assurance and Rehabilitation Complementary Reform Measures	—	550	300	150	—

The Government is providing increased funding of \$1 million over three years to deliver enhancements to the financial assurance and land rehabilitation regulatory framework. These enhancements will ensure that the impacts of resource and extractive activities are managed sustainably.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Cultural Centre - Critical Infrastructure Asset Renewal	—	450	450	—	—

The Government is providing increased funding of \$900,000 over two years to continue the renewal of the Central Energy Plant at the Queensland Cultural Centre. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Quandamooka World Heritage Nomination	273	308	362	307	—

The Government is providing an additional \$1.3 million over four years to progress the nomination of Quandamooka Country on North Stradbroke Island (Minjerrabah) as a World Heritage Area. The nomination will enhance eco-tourism opportunities and preserve environmental values of the island.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Accelerating Science Delivery Innovation - Tranche 2	—	—	—	—	—

Funding of \$15 million over five years is being internally met by the department to fund Tranche 2 of the Accelerating Science Delivery Innovation Program. Tranche 2 will pursue enhancements in artificial intelligence, machine learning, mobile computing and big data.

This forms part of the Government's total investment of \$18.3 million since 2017 into enhancing science-based management of the Queensland environment. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
North Stradbroke Island (Minjerrabah) Protected Area Estate Expansion and Construction of Ranger Base	—	—	—	—	—

The Government is providing increased funding of \$3.2 million over four years to support the construction and operation of a permanent ranger base on North Stradbroke Island (Minjerrabah). The ranger base will support Traditional Owner employed rangers and Queensland Parks and Wildlife Service rangers. Funding is to be held centrally until the final cost of the Stage B additions and permanent ranger base are known. The capital component of this measure is provided in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Strategic Science Programs and International Partnerships	—	—	—	—	—

The Government is providing \$6.4 million over four years, internally funded, to maintain support for engaging Queenslanders in science and international science partnerships.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Wangetti Trail	—	—	—	—	—

Expenses of \$2 million per year from 2022-23, incurred in operations and maintenance for the Wangetti Trail, will be met by the department using revenue from lease payments from the trail operator and camping fees.

Further details can be found in the Department of Innovation, Tourism, Industry Development and the Commonwealth Games section of this chapter, the Department of Innovation, Tourism, Industry Development and the Commonwealth Games section of Chapter 3 Capital Measures and the Department of Environment and Science section of Chapter 4 Revenue Measures.

Department of Housing and Public Works

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Responsive Government	—	9,600	7,750	7,900	8,050

The Government is providing increased funding of \$33.3 million over four years and \$8.1 million per annum ongoing to improve experiences on-line through the Government's services channels, to build more customer focused approaches and evaluate progress.

The Government is also providing increased funding of \$32.2 million over four years, held centrally, to develop single sign-on capability for customers accessing Government services online.

Total Responsive Government funding of \$65.5 million over four years will enhance digital technology and service design capabilities to make services better for Queenslanders.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Government Employee Housing - Critical Works	—	7,200	—	—	—

The Government is providing increased funding of \$7.2 million in 2019-20 for urgent maintenance to continue to ensure security and health and safety for employees in government housing. The capital component of this measure can be found in Chapter 3 Capital Measures.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Cyber Security - Securing trust in a Responsive Government	—	4,278	4,757	5,269	6,038

The Government is providing increased funding of \$20.3 million over four years and \$1.3 million per annum ongoing for the Queensland Government Chief Information Office to continue the Cyber Security Unit's operations.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
North Queensland Stadium	—	3,500	3,500	3,500	3,500

The Government is providing additional funding of \$14 million over four years and \$3.5 million per annum ongoing to meet the operating costs of the North Queensland Stadium. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Building and Construction Commission Financial Sustainability Review	5,260	2,975	—	—	—

The Government has provided additional funding of \$5.3 million in 2018-19 for the Queensland Building and Construction Commission (QBCC), including \$4.3 million to address operational activities and \$922,000 to implement Minimum Financial Requirements reforms.

The Government is also providing additional funding of \$3 million in 2019-20 for the QBCC to commence development of the Insights Driven Regulator program.

The Government is also providing additional funding of up to \$15.7 million in 2019-20 and \$15 million in 2020-21, held centrally, to assist the QBCC to implement building and construction industry reforms.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Sport and Active Recreation Strategy 2019-2029	—	2,000	10,000	5,000	8,000

The Government is providing additional funding of \$25 million over four years to fund initiatives under the *Sport and Active Recreation Strategy 2019-2029*. This will include \$10 million for Female Facilities infrastructure projects (with a further \$10 million to be internally met). Funding of \$267.5 million over four years has been internally met by the department, bringing the total funding for the Strategy to \$292.5 million over four years.

The Strategy will address system-wide reform required to deliver both community benefit and achieve Advancing Queensland's Priorities targets.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Stadiums Queensland Capital Grant Increase	—	250	506	769	1,038

The Government is providing increased funding of \$2.6 million over four years for stadium maintenance and capital improvements with ongoing indexed annual provisions set at the rate of the consumer price index.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Redress Scheme	105	132	135	138	—

The Government is providing additional funding of \$510,000 over four years for Queensland State Archives to identify, digitise and provide access to relevant records needed to assess redress applications to support participation in the National Redress Scheme for survivors of institutional child sexual abuse.

Further details can be found in the Department of Child Safety, Youth and Women, the Department of Justice and Attorney-General and the Department of Communities, Disability Services and Seniors sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Aboriginal and Torres Strait Islander Housing Action Plan 2019-2023	—	—	—	—	—

Funding of \$17 million over four years is being internally met by the department to fund initiatives under the *Aboriginal and Torres Strait Islander Housing Action Plan 2019-2023*, taking the total funding for the Action Plan to \$67.1 million over four years.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Government Data Centres and Services	—	—	—	—	—

The Government is providing additional funding of \$11.3 million over four years, held centrally, to support the delivery of a new, secure model of data centre service delivery for Queensland Government agencies. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Queensland Government Office Accommodation Strategy - Regional Initiatives					

Funding of \$2 million is being internally funded by the department in 2019-20 for urgent maintenance on Queensland Government office accommodation in Mount Isa.

Department of Innovation, Tourism Industry Development and the Commonwealth Games

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Global Tourism Hubs and Ecotourism Trails	—	5,333	8,570	—	—

The Government is providing additional funding of \$13.9 million over two years and funding of \$7.5 million is being internally met by the department to progress market approaches for the Cairns and Gold Coast Global Tourism Hub procurement processes, for the contract management of the Queens Wharf Brisbane Integrated Resort Development and for the progression of the Thorsborne, Cooloola and Whitsunday Ecotourism Trails Program.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
FibreCo Qld	4,730	3,870	—	—	—

Delivering on our election commitments, the Government is providing additional funding of \$8.6 million over two years to make high speed and low cost internet available to regional Queensland. FibreCo Qld will use existing Government infrastructure by unlocking spare capacity in Government-owned fibre networks to improve regional Queenslanders' ability to access digital capability.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Creating Indigenous jobs and business growth through Indigenous tourism development in Queensland	—	2,000	1,200	—	—

The Government is providing additional funding of \$2 million over two years to introduce a new grant fund to support the development of new Indigenous tourism products and experiences, with a focus on ecotourism.

The Government is also providing additional funding of \$1.2 million over two years to support targeted initiatives to develop indigenous tourism in Queensland and \$298,000 is being internally met by the department to establish an Indigenous Tourism Development Service for Indigenous tourism businesses, to guide prospective businesses toward the most appropriate Government and industry services and support for their business needs.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Improving Swimmer Safety including the Shark Control Program	—	200	200	200	200

The Government is providing additional funding of \$800,000 over four years and \$ 200,000 per annum ongoing for the development of swimmer safety education and awareness programs to educate tourism businesses and visitors on how to swim safely in Queensland's oceans, rivers and canals.

This forms part of the Government's total funding package of \$18.7 million over four years and \$4.8 million per annum ongoing to improve swimmer safety. Further details can be found in the Department of Agriculture and Fisheries and Queensland Fire and Emergency Services sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Wangetti Trail	—	200	1,800	1,100	100

The Government is providing additional funding of \$3.2 million over four years, together with the department internally funding \$5.7 million over three years, to continue the development of the Wangetti Trail as a high quality ecotourism experience for Far North Queensland.

The trail will be a 94 kilometre dual use walking and mountain biking track through the Tropical North Queensland coast and hinterland from Port Douglas to Palm Cove, and will become an iconic international ecotourism experience with direct economic benefits to regional Queensland and local First Nations Peoples.

Further details can be found in the Department of Environment and Science section of this chapter, the Department of Innovation, Tourism Industry Development and the Commonwealth Games section of Chapter 3 Capital Measures and the Department of Environment and Science section of Chapter 4 Revenue Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Gold Coast Family Campaign	1,000	—	—	—	—

The Government has provided additional funding of \$1 million in 2018-19 in partnership with the local tourism industry, to position the Gold Coast as a must-visit for families from the key visitor markets of Sydney, Melbourne and Brisbane. The \$2.5 million media campaign will showcase the Gold Coast as Australia's holiday playground and reiterates the Government's ongoing commitment to the tourism industry.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Tourism and Events Queensland	—	—	—	—	48,181

The Government will provide increased funding of \$48.2 million for 2022-23 to support Tourism and Events Queensland's activity in priority domestic and internal source markets to grow Queensland's market share of the visitor economy. This additional funding will continue the momentum in the growth of Queensland's tourism industry, to achieve economic growth and support job creation.

Department of Justice and Attorney-General

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Court Services Queensland	—	14,238	14,296	14,487	14,705

The Government is providing increased funding of \$57.7 million over four years and \$14.7 million per annum ongoing to respond to increased demand in Queensland Courts.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Family Support and Child Protection Reforms - Director of Child Protection Litigation	—	13,524	—	—	—

The Government is providing increased funding of \$13.5 million in 2019-20 for child protection litigation services. This funding will support the management of child protection order applications and proceedings by the Director of Child Protection Litigation, including working with the Office of the Child and Family Official Solicitor.

This forms part of the Government's total funding package of \$517.5 million (\$401.6 million new funding and \$115.9 million internally funded) over four years to continue Queensland's family support and child protection reforms. Further details can be found in the Department of Child Safety, Youth and Women and the Department of Education sections of this chapter.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Office of the Director of Public Prosecutions	—	7,298	11,570	11,841	12,121

The Government is providing increased funding of \$42.8 million over four years and \$12.1 million per annum ongoing to respond to increased workloads within the Office of the Director of Public Prosecutions.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Office of the Public Guardian	734	4,478	5,809	7,000	9,000

The Government is providing additional funding of \$27 million over five years and \$9 million per annum ongoing for the Office of the Public Guardian to respond to increased workloads and continue to deliver protection to children in care and vulnerable adults. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Crown Law Legal Expenses	—	4,153	4,247	4,368	4,493

The Government is providing additional funding of \$17.3 million over four years and \$4.5 million per annum ongoing for Crown Law to provide services to the Attorney-General, as Government's chief legal adviser, with respect to administering the *Dangerous Prisoners (Sexual Offenders) Act 2003* and representing the Attorney-General at the Mental Health Review Tribunal.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Civil and Administrative Tribunal	340	3,252	3,288	3,327	2,885

The Government is providing additional funding of \$13.1 million over five years and \$2.9 million per annum ongoing to respond to frontline demand pressures, support the introduction of Lemon Laws legislation and sessional members' remuneration.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Family Support and Child Protection Reforms - Queensland Family and Child Commission	—	3,070	3,147	3,482	—

The Government is providing increased funding of \$9.7 million over three years for the Queensland Family and Child Commission to continue research, evaluation and awareness initiatives.

This forms part of the Government's total funding package of \$517.5 million (\$401.6 million new funding and \$115.9 million internally funded) over four years to continue Queensland's family support and child protection reforms. Further details can be found in the Department of Child Safety, Youth and Women and the Department of Education sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Community Justice Groups Enhancement	—	2,774	5,377	5,577	5,377

The Government is providing additional funding of \$19.1 million over four years and \$5.4 million per annum ongoing to expand Community Justice Groups, targeted at areas of greatest need. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Support for people with disability - Office of the Public Guardian and Queensland Civil and Administrative Tribunal	—	2,563	2,627	2,692	2,760

The Government is providing increased funding of \$10.6 million over four years and \$2.8 million ongoing for the Office of the Public Guardian and the Queensland Civil and Administrative Tribunal to address increased workload and demand pressures related to the rollout of the National Disability Insurance Scheme.

This funding is part of the total of \$62.7 million over four years provided by the Queensland Government to continue state services to meet obligations under State legislation and ensure continuity of support for people with disability in Queensland. Further details can be found in the Department of Communities, Disability Services and Seniors and Queensland Health sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Supreme and District Court	1,821	2,447	2,484	2,521	2,521

The Government is providing additional funding of \$11.8 million over five years and \$2.5 million per annum ongoing for additional judicial officers and support staff for the Supreme and District Courts.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Information, Communication and Technology Strategy	4,158	2,321	—	1,770	1,623

The Government is providing additional funding of \$9.9 million over five years and \$1.6 million per annum ongoing to commence implementation of the Information, Communication and Technology Strategy.

The Government is also providing additional funding of \$38 million over two years from 2019-20 to be held centrally.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Victims Assist Queensland	—	2,300	5,000	4,000	4,000

The Government is providing increased funding of \$15.3 million over four years and \$4 million per annum ongoing to provide financial support to victims of crime. This includes \$1 million per annum over two years from 2019-20 to assist with the processing of claims and backlogs.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Tackling Alcohol Fuelled Violence Program - Safe Night Precincts	—	2,093	—	—	—

The Government is providing increased funding of \$2.1 million in 2019-20 to continue inspections of licensed venues during peak trading periods and to monitor the industry's progress on implementing the Tackling Alcohol Fuelled Violence policy.

This forms part of the Government's overall package of \$6.6 million to continue the Tackling Alcohol Fuelled Violence Program in 2019-20. Further details can be found in the Queensland Corrective Services and Department of Communities, Disability Services and Seniors sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Additional Childrens Court Matters	327	1,966	—	—	—

The Government is providing additional funding of \$2.3 million over two years to continue an additional specialist Childrens Court magistrate, support staff, security and legal advocates to increase cases heard in the Childrens Court.

This forms part of the total investment of \$2.6 million over two years in additional Childrens Court matters. Further details of this funding can be found in the Queensland Police Service section of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Courthouse Maintenance and Upgrades	—	1,925	1,925	—	—

The Government is providing additional funding of \$3.9 million over two years for priority maintenance projects at various Queensland courthouses. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Recording and Transcription Services	—	1,748	1,998	—	—

The Government is providing additional funding of \$3.7 million over two years for the implementation of the new service delivery model for recording and transcription services.

The Government will also provide additional funding of \$46.3 million over six years from 2020-21, including \$19.9 million to 2022-23, to be held centrally. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Court Link	—	1,461	1,688	1,668	1,750

The Government is providing increased funding of \$6.6 million over four years and \$1.8 million per annum ongoing, and is internally funding \$462,000 over four years and \$126,000 ongoing, to expand Court Link to Maroochydore, Redcliffe and Caboolture, and to integrate with the Queensland Magistrates Early Referral into Treatment (QMERIT) Program.

This forms part of Government's overall package of \$9.9 million over four years and \$2.6 million per annum ongoing to expand Court Link and integrate with the QMERIT Program. Further details can be found in the Queensland Health section of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Human Rights Commission	105	1,346	1,404	1,459	1,532

The Government is providing additional funding of \$5.8 million over five years and \$1.5 million per annum ongoing to the Queensland Human Rights Commission (formerly the Anti-Discrimination Commission Queensland) to support the operation and administration of the *Human Rights Act 2019*, to provide for a conciliator to meet increased demand, and for rental increases.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Strengthening Coronial Services	—	1,207	830	407	474

The Government is providing additional funding of \$2.9 million over four years and \$474,000 per annum ongoing to establish a second temporary Registrar Unit within the Coroners Court of Queensland to enhance triaging practices and to strengthen case management and structural supports.

This forms part of Government's total funding of \$3.9 million over four years and \$474,000 per annum ongoing to strengthen coronial services in Queensland. Further details can be found in the Queensland Health section of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Aurukun Restorative Justice Program	—	973	801	821	840

The Government is providing increased funding of \$3.4 million over four years and \$840,000 per annum ongoing to continue delivery of the Aurukun Restorative Justice Program.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Redress Scheme	555	865	818	779	—

The Government is providing additional funding of \$3 million over four years to the Department of Justice and Attorney-General, the Office of the Public Guardian and the Public Trustee to support participation in the National Redress Scheme for survivors of institutional child sexual abuse.

Further details can be found in the Department of Child Safety, Youth and Women, the Department of Housing and Public Works and the Department of Communities, Disability Services and Seniors sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Townsville Community Youth Response	—	848	797	809	820

The Government is providing increased funding of \$3.3 million over four years to continue and expand the Townsville Community Youth Response and address recommendations in the *Townsville's Voice: Local Solutions to Address Youth Crime* report.

This forms part of the Government's increased investment of \$18.5 million over four years to support the Townsville Community Youth Response. Further details of this funding can be found in the Department of Youth Justice and Queensland Police Service sections of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Crime and Corruption Commission - Combating Crime	—	660	660	660	660

The Government is providing additional funding of \$2.6 million over four years and \$660,000 per annum ongoing for the continuation of frontline investigation services to combat major crime and corruption.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Court Approaches to Remand	—	602	614	623	634

The Government is providing additional funding of \$2.5 million over four years and \$634,000 per annum ongoing to implement Magistrate-led watchhouse training and enhance approaches to remand.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Murri Court Expansion	201	569	578	589	599

The Government is providing increased funding of \$2.5 million over five years and \$599,000 per annum ongoing to establish and maintain a Murri Court at Ipswich.

This forms part of the Government's total funding of \$4.1 million over five years, comprising of \$2.5 million new funding and \$1.5 million internal funding to expand the Murri Court to Ipswich. Further details can be found in the Queensland Police Service section of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
New Child Death Review Model	—	376	1,211	1,255	1,300

The Government is providing funding of \$4.1 million over four years (\$2.5 million in new funding and \$1.6 million redirected from the Department of Child Safety, Youth and Women) and \$1.3 million ongoing (\$825,000 in new funding and \$475,000 redirected from the Department of Child Safety, Youth and Women) to establish a new and independent child death review panel, supported by the Queensland Family & Child Commission.

This forms part of Government's commitment to develop a new, independent model for reviewing the deaths of children known to the child protection system, in response to the Queensland Family & Child Commission report, *A systems review of individual agency findings following the death of a child*.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Alleviating pressures in the youth detention system	386	—	—	—	—

The Government has provided additional funding of \$386,000 in 2018-19 as an immediate response to pressures within the youth justice system as part of the Mid-Year Fiscal and Economic Review, which supported additional Childrens Court services.

This formed part of the Government's initial investment of \$8 million (\$7 million new funding and \$1 million funded internally) over two years at the Mid-Year Fiscal and Economic Review as an immediate response to pressures in the youth justice system. Further details on this investment can be found in the Department of Youth Justice section of this chapter. The Government's Youth Justice Investment Package builds on this investment, with increased funding of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. The Youth Justice Investment Package includes funding to continue some of the initiatives under this measure.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Legal Aid Queensland	—	—	1,900	3,800	5,800

The Government will provide \$11.5 million over three years and \$5.8 million per annum ongoing to address demand growth in legal assistance services.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Legal Assistance Services	—	—	—	1,188	1,443

The Government is providing additional funding of \$2.6 million over two years (\$5.6 million over four years to 2024-25) and \$2.2 million over three years is being internally met to support community organisations delivering legal assistance services.

Department of Local Government, Racing and Multicultural Affairs

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Racing Industry	17,630	30,370	30,370	26,370	26,370

The Government is providing additional funding of \$131.1 million over five years for Racing Queensland to increase prize money and support initiatives for the racing industries, including \$119.1 million for the Queensland thoroughbred racing industry and \$12 million for the greyhound and harness racing codes.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Torres Strait Island Seawalls and Coastal Inundation Mitigation Upgrades	5,000	15,000	—	—	—

The Government is providing increased funding of \$20 million over two years to continue inundation mitigation works on five outer Torres Strait Islands, which will help to protect infrastructure and communities on these islands from rising sea levels and the impacts of coastal inundation.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Implementing Waste Reforms for Queensland under a New Waste Management and Resource Recovery Strategy	—	4,000	—	—	—

The Government is providing increased funding of \$4 million in 2019-20 to remove waste metal build-up including vehicle stockpiles from islands in the Torres Strait. Further details can be found in the Department of Environment and Science section of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Northern Peninsula Area Water Supply System - Reservoir Repairs	—	2,700	—	—	—

The Government is providing additional funding of \$2.7 million in 2019-20 to provide urgent repairs to reservoirs within the Northern Peninsula Area Water Supply System.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Northern Peninsula Area Water Supply System - Financial Assistance Package	—	—	1,333	1,333	1,334

The Government will provide increased funding of \$4 million over three years from 2020-21 for identified capital renewal and replacement costs of the Northern Peninsula Area Water Supply System and to support transfer of ownership of the asset to the Northern Peninsula Area Regional Council.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Paroo Shire Council Upgrade to Critical Sewerage Infrastructure	9,100	—	—	—	—

The Government has provided additional funding of \$9.1 million in 2018-19 for the Paroo Shire Council to upgrade critical sewerage infrastructure.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Racing Industry Infrastructure	8,000	—	—	—	—

The Government has provided additional funding of \$8 million in 2018-19 for Racing Queensland to progress the development of harness racing infrastructure.

Department of Natural Resources, Mines and Energy

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Hopeland (Linc Energy) Management and Remediation	—	8,100	6,100	1,600	1,800

The Government is providing increased funding of \$17.6 million over four years (\$19.4 million over five years) to continue the management and remediation of the former Linc Energy underground coal gasification site. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Community Service Obligation payments for the Cloncurry Pipeline	—	6,043	6,234	6,317	—

The Government is providing increased funding of \$18.6 million over three years to support the continuation of Community Service Obligation payments for the Cloncurry Pipeline to support Cloncurry Shire Council's long-term water supply and industrial development in the region.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Community Service Obligation payments for irrigation water supply services	—	3,808	—	—	—

The Government is providing increased funding of \$3.8 million in 2019-20 to continue the irrigation pricing Community Service Obligation to ensure that the transition to prices which recover costs is gradual for Sunwater and Seqwater rural irrigation customers.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Resources Safety and Health Queensland	—	3,750	1,140	—	—

The Government is providing additional funding of \$4.9 million over two years to establish an independent regulator for worker safety and health in Queensland's resources industries, increase hygiene inspection and audit activities and establish mobile health units.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Coal Mine Workers' Health Scheme	—	2,298	4,409	—	—

The Government is providing increased funding of \$6.7 million over two years to embed reforms to the Coal Mine Workers' Health Scheme and other reforms to address resource worker health issues following the re-identification of Coal Workers' Pneumoconiosis in Queensland's mining sector.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Abandoned Mines - Care and Maintenance, Risk Mitigation, Remediation and Consultation	—	1,320	340	—	—

The Government is providing increased funding of \$1.7 million over two years to manage safety, health and environmental risks at four high priority abandoned mine sites. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Local Management Arrangements	—	890	—	—	—

The Government is providing increased funding of \$890,000 in 2019-20 to continue to support the finalisation of the transition of the Eton and Emerald Channel Irrigation Schemes to Local Management Arrangements.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—

The Government is providing increased funding of up to \$15.2 million over two years from 2019-20, held centrally, as part of the Drought Assistance Package and Queensland Drought Reform. This funding provides 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 (\$15 million in 2019-20) and fodder management (\$200,000 over two years).

The Drought Assistance Package and Queensland Drought Reform is a total of up to \$74.6 million over four years from 2019-20 to support drought affected communities across the State. Further details can be found in the Department of Agriculture and Fisheries, and Department of Communities, Disability Services and Seniors sections of this chapter and in the Department of Natural Resources, Mines and Energy section of Chapter 4 Revenue Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Interim Great Artesian Basin Infrastructure Investment Program	2,526	—	—	—	—

The Government has provided increased funding of \$1.3 million in 2018-19, matched by the Australian Government, for the Interim Great Artesian Basin Infrastructure Investment Program.

Department of State Development, Manufacturing, Infrastructure and Planning

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Building our Regions	—	35,000	10,000	15,000	10,000

Delivering on our election commitments, the Government is providing increased funding of \$70 million over four years for Round 5 of Building our Regions to deliver critical infrastructure for the regions. Total funding for Building our Regions is \$515 million. The Department of State Development, Manufacturing, Infrastructure and Planning is responsible for \$365 million of the program, and the Department of Transport and Main Roads is responsible for \$150 million delivered through the Transport Infrastructure Development Scheme.

Building our Regions facilitates critical infrastructure projects in regional areas that meet specific community needs, with a focus on delivering enduring economic outcomes and job creation.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Reconstruction Authority Proserpine Entertainment Centre	1,568	3,657	—	—	—

The Government is providing increased funding of up to \$5.2 million over two years, in addition to \$500,000 previously announced in May 2018, for Whitsunday Regional Council to fund the re-build of the Proserpine Entertainment Centre. The Australian Government will also contribute towards this project.

This forms part of the Queensland Government's commitment to allocate \$110 million towards extraordinary recovery and reconstruction projects following Severe Tropical Cyclone Debbie.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Reconstruction Authority Disaster Recovery	1,433	3,342	—	—	—

The Government is providing additional funding of up to \$4.8 million over two years for nine projects across the State to promote resilience to natural disasters.

This forms part of the Queensland Government's commitment to allocate \$110 million towards extraordinary recovery and reconstruction projects following Severe Tropical Cyclone Debbie.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Biofutures	—	794	1,408	1,798	1,000

The Government is providing increased funding of \$5 million over four years to continue advancing Queensland's world-leading biofutures agenda.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Resource Recovery Industries Roadmap	300	700	—	—	—

The Government is providing additional funding of \$1 million over two years for the Resource Recovery Industries Roadmap and Action Plan to position Queensland as a leader in resource recovery by promoting growth and sustainability of the waste, resource recovery and recycling industries.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Hydrogen Industry Strategy	—	500	3,000	5,000	10,500

The Government is providing additional funding of \$19 million over four years to establish an agenda for renewable hydrogen industry attraction and to incentivise job creation, regional growth, and increased innovation and development. Gladstone will be a focus point for hydrogen development.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Reconstruction Authority SES Operations Centre	500	500	—	—	—

The Government is providing additional funding of up to \$1 million over two years to Toowoomba Regional Council for a new SES Operations Centre in Charlton.

This forms part of the Queensland Government's commitment to allocate \$110 million towards extraordinary recovery and reconstruction projects following Severe Tropical Cyclone Debbie.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Advance Queensland Industry Attraction Fund	—	—	—	—	—

The Government is providing increased funding of \$45 million, held centrally, to the Advance Queensland Industry Attraction Fund, bringing the total funding to \$150 million.

This fund is focused on achieving the Queensland Government's objectives of employment creation, regional growth and encouraging innovation. It aims to harness growth in emerging industries and value add to existing industries through financial support for contestable projects.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Jobs and Regional Growth Fund	—	—	—	—	—

The Government is providing increased funding of \$25 million, held centrally, to assist businesses and projects that will generate economic development and employment opportunities in regional Queensland. This increase brings the total funding to \$175 million.

Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning are jointly responsible for the Fund. Further details can be found in the Queensland Treasury section of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Made in Queensland	—	—	2,000	4,000	—

Delivering on our election commitments, the Government will provide increased funding of \$6 million over two years to the Made in Queensland grants program. This increase brings the total funding to \$46 million over five years from 2017-18 to support the manufacturing sector to become more internationally competitive, increase productivity and adopt new processes and technologies.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Southport Spit Master Plan	—	—	—	—	—

The Government has committed \$60 million, of which \$31.5 million is held centrally, to support delivery of The Southport Spit master plan to enhance the public realm of The Spit, improve connections to the surrounding marine environment and generate opportunities for job creation through tourism, entertainment and recreation. The master plan secures the future of 138 hectares of green space, unlocks the potential for 1,800 new jobs, provides for more than 800 new short-term accommodation rooms, enhanced tourism and recreation opportunities, and creates vibrant community spaces.

Department of the Premier and Cabinet

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Screen Queensland	5,705	17,434	18,041	1,747	2,253

The Government is providing increased funding of \$45.2 million over five years to support Screen Queensland.

This includes increased funding of \$35.7 million over three years from 2018-19 for the Production Attraction Strategy to help grow a pipeline of large-scale film and high-end television productions in Queensland.

This measure also includes additional funding of \$9.5 million over four years for initiatives that will further support the growth of the Queensland screen industry, including the establishment of a new Screen Investment Fund and support for the Post, Digital and Visual Effects incentive program and the Queensland video gaming industry.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Criminal Justice System Reform - Program Management Office	—	2,458	—	—	—

The Government is providing additional funding of \$2.5 million in 2019-20 for a Program Management Office to support a whole-of-government program focussed on developing and implementing reform across the Queensland criminal justice system and informing an integrated and coordinated approach to policy, legislation and budget decision-making. The work program involves embedding a system-level approach to policy, service delivery, and investment across all related criminal justice and human service agencies.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Veterans-related Initiatives	250	2,219	2,416	2,391	2,382

The Government is providing additional funding of \$2.7 million over five years and \$2.4 million per annum ongoing to establish an Office for Veterans within the department. The Office for Veterans will have broad responsibilities including the delivery of veterans' grant and employment programs and the coordination of veterans' policy. In addition, the funding will provide for the ongoing curation and oversight of Anzac Square. Total funding for these initiatives is \$9.7 million over five years, including \$6.9 million internally funded.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Safer Communities Grants Program	2,000	2,000	1,000	—	—

The Government is providing additional funding of \$5 million over three years for a Safer Communities Grants Program to help keep communities safe and alleviate demand pressures in the criminal justice system.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Year of the Outback Tourism Events Program	—	1,000	1,000	—	—

The Government is providing additional funding of \$2 million over two years for the Premier's Outback Events Program, to support the commitment to grow the tourism industry by providing new opportunities to attract visitors and further drive the economy in Outback Queensland. Funding of \$1 million in 2018-19 has also been internally met by the department, bringing total funding to \$3 million over three years.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Enhanced Throughcare Service Delivery Model	—	900	—	—	—

The Government is providing additional funding of \$900,000 in 2019-20 to develop a whole-of-government throughcare service delivery model for rehabilitation and remand programs and services for remandees, prisoners and offenders.

This forms part of the Government's overall package of \$263.8 million over four years, including \$227.9 million internally funded, to develop and deliver a whole-of-government throughcare service delivery model. Further details can be found in the Queensland Corrective Services and Queensland Health sections of this chapter.

Department of Transport and Main Roads

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Continuation of the Local Fare Scheme	—	6,973	7,367	—	—

The Government is providing increased funding of \$14.3 million over two years to continue the Local Fare Scheme in Far North Queensland. The scheme assists with affordability of air travel in eligible regional and remote communities.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
National Disability Insurance Scheme Transition Support: Taxi Subsidies	—	6,000	—	—	—

The Government is providing increased funding of \$6 million in 2019-20 to continue the provision of taxi subsidies for National Disability Insurance Scheme (NDIS) eligible participants. This funding will ensure a smooth transition to the NDIS for Queenslanders with disability.

This funding is part of the total of \$61.9 million over two years provided by the Queensland Government as a temporary measure while interface issues between the NDIS and mainstream services are resolved through national policy work, to ensure clients are able to access critical supports while they transition to the NDIS. Further details can be found in the Department of Child Safety, Youth and Women, Department of Communities, Disability Services and Seniors, and Queensland Health sections of this chapter.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Wheelchair Accessible Taxi Sustainability	—	4,567	5,651	5,254	5,418

The Government is providing additional funding of \$20.9 million over four years for a grant program to ensure the sustainability of Queensland's wheelchair accessible taxi fleet through replacement of aged vehicles and converting some conventional vehicles to wheelchair accessible vehicles.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Cost Recovery for Drink Driving Reforms	—	2,020	2,111	2,212	2,316

The Government is providing increased funding of \$8.7 million over four years and \$2.3 million per annum ongoing to fund the administration of the enhanced Alcohol Ignition Interlock Program. The revenue component of this measure can be found in Chapter 4 Revenue Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Camera Detected Offence Program	—	1,498	1,684	1,632	1,812

The Government is providing increased funding of \$6.6 million over four years and \$1.8 million per annum ongoing for road safety education and awareness programs and to improve the safety of the sections of state-controlled roads where accidents happen most frequently.

The Government is providing total increased funding of \$180.3 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Queensland Treasury section of this chapter. The capital component of this measure can be found in the Department of Transport and Main Roads section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Expansion of the School Crossing Supervisor Scheme	—	792	1,339	1,044	1,067

The Government is providing increased funding of \$4.2 million over four years and \$1.1 million per annum ongoing to provide supervised crossings at an additional 50 school sites. The scheme enhances the safety of primary school children in the school traffic environment.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Continuation of the Citytrain Response Unit	698	705	—	—	—

The Government is providing increased funding of \$1.4 million over two years to enable the continuation of the Fixing the Trains Assurance Program and ensure Strachan Inquiry recommendations are implemented.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Mount Isa Line Below Rail Subsidy	—	—	—	—	—

In recognition of the importance the Mount Isa Line plays in facilitating the transportation of the freight task from pit to port, the Government will introduce a \$20 million per annum Transport Services Contract payment for this freight line. This payment will be to reduce below rail access costs for users and further promote rail for freight, as well as support continued development of the North West Minerals Province (NWMP).

The funding forms part of the Government's broader package of \$110 million over four years from 2019-20 to support the NWMP. This is in addition to the \$39 million that was committed in the 2017-18 Budget to deliver initiatives to support the NWMP.

The capital component of this measure can be found in Chapter 3 Capital Measures under the title Port of Townsville Common User Facility.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Small Business Regulatory Reform	—	—	—	—	—

The Government is providing additional funding of \$2.3 million in 2019-20, held centrally, for the Permit for Access to Road and Corridor project.

This forms part of the Queensland and Australian Government's Small Business Regulatory Reform Project Agreement to deliver projects that reduce the regulatory burden on small business. The projects undertaken as part of this Agreement will leverage \$60.1 million in reward payments from the Australian Government upon successful completion of relevant project milestones. Further details can be found in the Department of Agriculture and Fisheries, Queensland Health and Department of Employment, Small Business and Training sections of this chapter.

Department of Youth Justice

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Youth Justice Investment - Youth Detention Capacity	—	8,086	—	—	—

The Government is providing additional funding of \$8.1 million in 2019-20 to provide frontline and frontline support positions to enhance the operation of Queensland's two youth detention centres.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Youth Justice Investment - Transition to Success	—	6,329	7,332	7,439	7,588

The Government is providing increased funding of \$28.7 million over four years and \$7.6 million per annum ongoing to continue and enhance the Transition to Success program aimed at reducing recidivism and increasing participation in education and vocational activities.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Alleviating pressures in the youth detention system	2,206	4,441	—	—	—

The Government has provided additional funding of \$6.6 million over two years as an immediate response to pressures within the youth justice system as part of the Mid-Year Fiscal and Economic Review. Funding of \$1 million in 2018-19 was also met internally by the department to support this measure. This funding supported the commencement of a number of initiatives, including the Brisbane Watchhouse Response Team, Integrated Case Management, enhanced capacity and intensity of the Conditional Bail program, enhanced family group meetings and cultural support in watchhouses.

This formed part of the Government's initial investment of \$8 million (\$7 million new funding and \$1 million funded internally) over two years at the Mid-Year Fiscal and Economic Review as an immediate response to pressures in the youth justice system. Further details on this investment can be found in the Department of Justice and Attorney-General section of this chapter. The Government's Youth Justice Investment Package builds on this investment, with increased funding of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. The Youth Justice Investment Package includes funding to continue some of the initiatives under this measure.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Restorative Justice	—	4,151	7,591	7,771	7,956

The Government is providing increased funding of \$27.5 million over four years and \$8 million per annum ongoing to continue Restorative Justice conferences in the youth justice system, which provide an opportunity for young people to take responsibility for their criminal behaviour and aim to reduce recidivism.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Youth Justice Investment - Townsville Community Youth Response	—	3,529	3,557	3,592	3,627

The Government is providing increased funding of \$14.3 million over four years to continue and expand the Townsville Community Youth Response and address recommendations in the Townsville’s Voice: Local Solutions to Address Youth Crime report. The Townsville Community Youth Response brings together several different services and programs including the High Risk Youth Court, after-hours diversionary services, cultural mentoring programs and alternative education bridging programs.

This forms part of the Government’s increased investment of \$18.5 million over four years to support the Townsville Community Youth Response. Further details can be found in the Department of Justice and Attorney-General and Queensland Police Service sections of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Youth Justice Investment - Community Youth Responses	—	2,191	4,346	4,262	4,201

The Government is providing additional funding of \$15 million over four years to establish three new Community Youth Responses to address youth crime hotspots in Brisbane, Ipswich and Cairns.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Brisbane City Watchhouse Response Team	—	1,323	—	—	—

The Government is providing increased funding of \$1.3 million in 2019-20 to continue to support the Brisbane City Watchhouse Response Team with dedicated youth workers to supervise young people held in the Brisbane Watchhouse.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	—	1,227	4,306	4,279	4,355

The Government is providing additional funding of \$14.2 million over four years and \$4.4 million per annum ongoing to commission and operate the 16 bed expansion of the Brisbane Youth Detention Centre.

This forms part of the Government's total investment of \$27 million capital and \$18.3 million operating over five years, and \$5.7 million per annum operating ongoing for the additional 16 beds at Brisbane Youth Detention Centre. Further details can be found in the Department of Education and Queensland Health sections of this chapter and the Department of Youth Justice section of Chapter 3 Capital Measures.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Program Management Office	—	857	855	—	—

The Government is providing additional funding of \$1.7 million over two years for a Youth Justice Program Management Office to support the whole-of-Government delivery of the Youth Justice Investment package.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally against estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Conditional Bail	—	648	573	—	—

The Government is providing increased funding of \$1.2 million over two years to continue additional youth workers for the Conditional Bail program which aims to reduce the risk of young people offending or breaching conditions while on bail.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Risk and Dynamic Assessment Register	—	526	841	519	—

The Government is providing additional funding of \$1.9 million over three years to support the development and implementation of a Risk and Dynamic Assessment Register to improve court assessment processes for young people.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Youth Detention Centres: Maintenance Program	—	500	—	—	—

The Government is providing increased funding of \$500,000 in 2019-20 to address essential maintenance projects at existing youth detention centres.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Specialist Multi-Agency Response Teams	—	200	200	200	200

The Government is providing additional funding of \$800,000 over four years, with a further \$4.8 million internally funded by the department over four years, and \$200,000 ongoing to support the Specialist Multi-Agency Response Teams to provide court-based assessment and referral services for young people.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Mount Isa Transitional Hub	—	—	—	—	—

The Government is providing funding of \$829,000 in 2019-20 from the Safer Communities Grant Program for the establishment of a transitional hub in Mount Isa to deliver after hours diversionary services to high risk young people. The hub will provide a safe therapeutic environment for police to refer young people who do not have appropriate accommodation or safe home environments. The hub will also deliver support services based on culturally appropriate assessments of risk and need, and engage other local service providers to deliver intensive and specialised support to the young people and their families.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Queensland Youth Partnerships Initiative	—	—	—	—	—

The department is internally funding of \$2.3 million over four years for the Queensland Youth Partnerships Initiative for a youth crime prevention and crime response which engages corporate and community partners including retailers.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

Electoral Commission of Queensland

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Local Government Elections and State General Election	—	3,713	7,745	—	—

The Government is providing additional funding of \$11.5 million over two years, and \$3.3 million held centrally to deliver Local Government and State election events in 2020. The revenue component of this measure can be found in Chapter 4 Revenue Measures

Legislative Assembly of Queensland

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Electorate Office Technology Improvements	1,459	1,162	1,041	521	—

The Government is providing additional funding of \$4.2 million over four years to deliver improved data service performance and reliability, data security, mobility and business tools through provision of new software and infrastructure. These improvements will assist Members and electorate staff to perform their duties and meet the community's digital communication expectations.

Public Safety Business Agency

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Public Safety Regional Radio Communications	7,007	19,893	—	—	—

The Government is providing additional funding of \$26.9 million over two years to upgrade the Queensland Fire and Emergency Services regional radio networks and equipment. This will ensure interoperability with other agencies and compliance with the Australian Communications and Media Authority. These funds will also provide for the development of a business case and strategy for the medium to long term future of public safety communications.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Government Air - Aircraft Maintenance and Compliance	1,165	1,300	—	—	—

The Government is providing additional funding of \$2.5 million over two years to ensure Queensland Government Air (QGAir) continues to be compliant with Civil Aviation Safety Authority requirements. This funding enables QGAir to continue to support the State for search and rescue, natural disasters, police and aeromedical operations, including organ retrievals, and transport services for Government. The capital component of this measure can be found in Chapter 3 Capital Measures.

Queensland Corrective Services

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Arthur Gorrie and Southern Queensland Correctional Centres	751	15,920	36,328	28,856	29,575

The Government is providing additional funding of \$111.4 million over five years and \$29.6 million per annum ongoing for the operations of Arthur Gorrie Correctional Centre and Southern Queensland Correctional Centre.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Capricornia Correction Centre Expansion	—	14,672	41,677	42,887	43,718

The Government is providing additional funding of \$143 million over four years and \$43.7 million per annum ongoing to commission and operate the expanded Capricornia Correctional Centre.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Correctional Centre Prisoner Growth	—	14,480	—	—	—

The Government is providing increased funding of \$14.5 million in 2019-20 to safely manage the growth in prisoner numbers.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Taskforce Flaxton	—	5,764	6,491	5,315	5,444

The Government is providing additional funding of \$23 million over four years and \$5.4 million per annum ongoing to commence implementing the recommendations of the Crime and Corruption Commission's *Taskforce Flaxton* examination of corruption risks and corruption in Queensland prisons. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Minor Capital Works and Maintenance	—	3,600	3,600	3,600	3,600

The Government is providing increased funding of \$14.4 million over four years and \$3.6 million per annum ongoing to upgrade and maintain infrastructure within correctional centres. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Correctional Centre Disability Support Services	—	2,862	—	—	—

The Government is providing increased funding of \$2.9 million in 2019-20 to continue providing improved service delivery for prisoners with disability or mental illness, with these responsibilities becoming embedded in Queensland Corrective Services' ongoing service delivery from 2020-21 onwards.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Parole Board Queensland	—	1,681	1,628	1,570	1,610

The Government is providing increased funding of \$6.5 million over four years and \$1.6 million per annum ongoing for additional resources for the Parole Board Queensland to address increasing demand.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Tackling Alcohol Fuelled Violence Program	—	1,183	—	—	—

The Government is providing additional funding of \$1.2 million in 2019-20 to continue supervised community service projects implemented within Safe Night Precincts across Queensland.

This forms part of the Government's overall package of \$6.6 million to continue the Tackling Alcohol Fuelled Violence Program in 2019-20. Further details can be found in the Department of Communities, Disability Services and Seniors and Department of Justice and Attorney-General sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Aurukun Prisoner Reintegration Program	—	650	615	630	646

The Government is providing additional funding of \$2.5 million over four years and \$646,000 per annum ongoing to continue the prisoner reintegration program in Aurukun.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Enhanced Throughcare Service Delivery Model	—	—	—	—	—

The Government is providing additional funding of \$35 million over four years across Queensland Corrective Services and Queensland Health, held centrally, for the delivery of rehabilitation and remand programs and services for remandees, prisoners and offenders.

This forms part of the Government's overall package of \$263.8 million over four years, including \$227.9 million internally funded, to develop and deliver a whole-of-government throughcare service delivery model. Further details of this funding can be found in the Department of the Premier and Cabinet and Queensland Health sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Southern Queensland Correctional Precinct - Stage 2	—	—	—	—	—

The Government is providing additional funding of \$34.5 million, held centrally, towards an expansion of the Southern Queensland Correctional Precinct. The expansion will deliver a correctional centre with a focus on health and rehabilitation, which will reduce reoffending, and ease overcrowding across the correctional services system. The capital component of this measure can be found in Chapter 3 Capital Measures.

Queensland Fire and Emergency Services

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Improving Swimmer Safety including the Shark Control Program	—	200	200	200	200

The Government is providing additional funding of \$800,000 over four years and \$200,000 per annum ongoing to collaboratively deliver a swimmer safety education and awareness program to cover a range of swimmer safety issues including drowning, and the risks posed by sharks, crocodiles and irukandji jellyfish.

This forms part of the Government’s total funding package of \$18.7 million over four years and \$4.8 million per annum ongoing to improve swimmer safety. Further details can be found in the Department of Agriculture and Fisheries and the Department of Innovation, Tourism Industry Development and the Commonwealth Games sections of this chapter.

Queensland Health

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Operational Growth Funding	—	163,250	128,172	199,871	594,345

The Government is providing increased funding of \$1.1 billion over four years to support the ongoing growth in demand for health services.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
National Disability Insurance Scheme Transition Support: Community health support programs	—	35,220	—	—	—

The Government is providing increased funding of \$35.2 million in 2019-20 for the community nursing program, the Community Managed Mental Health Program, the Medical Aids Subsidy Scheme and the Housing and Support Program. This funding will ensure a smooth transition to the National Disability Insurance Scheme (NDIS) for Queenslanders with disability.

This funding is part of the total of \$61.9 million over two years provided by the Queensland Government as a temporary measure while interface issues between the NDIS and mainstream services are resolved through national policy work, to ensure clients are able to access critical supports while they transition to the NDIS. Further details can be found in the Department of Child Safety, Youth and Women, Department of Communities, Disability Services and Seniors, and the Department of Transport and Main Roads sections of this chapter.

	<u>2018-19</u> <u>\$'000</u>	<u>2019-20</u> <u>\$'000</u>	<u>2020-21</u> <u>\$'000</u>	<u>2021-22</u> <u>\$'000</u>	<u>2022-23</u> <u>\$'000</u>
Aeromedical Services Funding	—	13,976	14,400	14,840	15,272

The Government is providing increased funding of \$58.5 million over four years from 2019-20 (including the release of \$29.6 million held centrally) for community helicopter providers to support Queensland's Emergency Helicopter Network services. Funding of \$15.3 million per annum is being provided ongoing from 2023-24 for these services.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Correctional Centre Health Services	6,550	9,255	23,612	29,789	31,387

The Government is providing additional funding of \$100.6 million over five years and \$31.4 million per annum ongoing to proactively address the health needs of prisoners by increasing health staff and improve the safety of health staff working in all Queensland correctional facilities.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Shifting Minds Suicide Prevention Flagship	—	7,470	13,705	20,397	20,355

The Government is providing additional funding of \$61.9 million over four years for a range of initiatives that better support suicide prevention under the Shifting Minds Suicide Prevention Flagship. These include increased investment in community mental health services and the establishment of the new Way Back initiative to provide follow-up support after a suicide attempt. Funding of \$1.3 million over three years is being internally met by the Queensland Mental Health Commission to work with their key stakeholders in partnership with Aboriginal and Torres Strait Islander communities to support better mental health and suicide prevention responses.

This forms part of the Government's total funding of \$80.1 million over four years to support the Shifting Minds Suicide Prevention Flagship. Further details can be found in the Department of Aboriginal and Torres Strait Islander Partnerships and Department of Education sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Support for people with disability	—	4,430	4,430	4,430	4,430

The Government is providing increased funding of \$17.7 million over four years and \$2.7 million ongoing to continue providing state services to support people with disability. This includes the continuation of services previously provided by the Specialist Disability Services Assessment Outreach Team given these services will not be provided under the National Disability Insurance Scheme (NDIS), as well as to ensure continuity of support for Housing and Support Program clients not eligible for the NDIS.

This funding is part of the total of \$62.7 million over four years provided by the Queensland Government to continue state services to meet obligations under State legislation and ensure continuity of support for people with disability in Queensland. Further details can be found in the Department of Justice and Attorney-General and Department of Communities, Disability Services and Seniors sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Right@Home	—	1,289	1,588	1,588	758

The Government is providing increased funding of \$5.2 million over four years to expand a pilot of the Right@Home program to families living in vulnerable communities across Caboolture. Right@Home is a targeted health visiting program that aims to provide consistent support to improve parental care, parent-child attachment and improve the family environment.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Court Link	—	586	763	763	763

The Government is providing additional funding of \$2.9 million over four years and \$763,000 per annum ongoing to expand the Queensland Magistrates Early Referral into Treatment (QMERIT) Program to Caboolture.

This forms part of Government's overall package of \$9.9 million over four years and \$2.6 million per annum ongoing to expand Court Link and integrate with the QMERIT Program. Further details can be found in the Department of Justice and Attorney-General section of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Strengthening Coronial Services	—	534	274	—	—

The Government is providing increased funding of \$808,000 over two years to employ medical professionals within a second temporary Registrar Unit in the Coroners Court of Queensland to enhance triaging practices.

This forms part of Government's total funding of \$3.9 million over four years and \$474,000 per annum ongoing to support the Coroners Court of Queensland. Further details can be found in the Department of Justice and Attorney-General section of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Small Business Regulatory Reform	400	350	—	—	—

The Government is providing additional funding of \$750,000 over two years from 2018-19 to 2019-20 for the Digital Food Safety Hub.

This forms part of the Queensland and Australian Government's Small Business Regulatory Reform Project Agreement initiative to deliver projects that reduce the regulatory burden on small business. The projects undertaken as part of this Agreement will leverage \$60.1 million in reward payments from the Australian Government upon successful completion of relevant project milestones. Further details can be found in the Department of Agriculture and Fisheries, Department of Employment, Small Business and Training and Department of Transport and Main Roads sections of this chapter.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	—	120	668	680	696

The Government is providing additional funding of \$2.2 million over four years and \$696,000 per annum ongoing to provide health services to support expanded capacity at the Brisbane Youth Detention Centre.

This forms part of the Government's total investment of \$27 million capital and \$18.3 million operating over five years, and \$5.7 million per annum operating ongoing for the additional 16 beds at Brisbane Youth Detention Centre. Further details can be found in the Department of Education and Department of Youth Justice sections of this chapter and the Department of Youth Justice section of Chapter 3 Capital Measures.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Birthing in our Community Hub Expansion	—	—	—	—	—

Funding of \$1.2 million over four years from 2019-20 is being internally funded by the department to expand the Birthing in our Community Hub which aims to achieve equity in birth outcomes, health status, and life expectancy for Aboriginal and Torres Strait Islander families.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Deadly Choices Healthy Lifestyle Program	—	—	8,200	8,405	8,615

The Government will provide increased funding of \$25.2 million over three years and \$8.6 million per annum ongoing to expand the Deadly Choices Healthy Lifestyle Program. This program will be commissioned through the newly established Health and Wellbeing Queensland, which will have an initial focus on reducing the risk factors for chronic disease, particularly obesity, physical inactivity and poor nutrition.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Enhanced Throughcare Service Delivery Model	—	—	—	—	—

The Government is providing additional funding of \$35 million over four years across Queensland Corrective Services and Queensland Health, held centrally, for the delivery of rehabilitation and remand programs and services for remandees, prisoners and offenders.

This forms part of the Government's overall package of \$263.8 million over four years, including \$227.9 million internally funded, to develop and deliver a whole-of-government throughcare service delivery model. Further details of this funding can be found in the Department of the Premier and Cabinet and Queensland Corrective Services sections of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Health and Wellbeing Queensland	—	—	—	—	—

Delivering on our election commitments, funding of \$158.6 million over four years is being allocated to support the establishment of the new health promotion agency, Health and Wellbeing Queensland (HWQ) as a statutory body. This includes \$133.4 million that is being internally funded by the department and increased funding of \$25.2 million for the Deadly Choices Healthy Lifestyle Program. HWQ will contribute to improving the health and wellbeing of the Queensland population by reducing health inequity and reducing the burden of chronic diseases through targeting risk factors such as poor nutrition, low physical activity and obesity. Health promotion programs currently delivered by the department, which are aimed at reducing chronic disease and improving nutrition and physical activity, will transition to HWQ.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Initiatives to improve patient flow and reduce unnecessary hospital activity	—	—	—	—	—

Funding of \$50 million over two years is being internally funded by the department for trialling and evaluating diversionary initiatives in Hospital and Health Services to improve patient flow and reduce unnecessary hospital activity. This includes \$17 million over two years for palliative care services available in community based settings.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Midwives	—	—	—	15,170	15,549

Delivering on our election commitments, the Government will provide increased funding of \$30.7 million over two years and \$15.5 million per annum ongoing to continue employing an additional 100 midwives, to support maternity services across Queensland.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Nurse Navigators	—	—	—	57,467	59,315

Delivering on our election commitments, the Government will provide increased funding of \$116.8 million over two years and \$59.3 million per annum ongoing to provide ongoing support for the Nurse Navigators program in Hospital and Health Services. The 400 Nurse Navigators ensure patients with chronic illnesses find the care most appropriate to their needs and play a vital role in coordinating clinical services and reducing preventable admissions to hospitals.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Safe and Healthy Drinking Water in Indigenous Local Government Areas	—	—	—	—	—

Funding of \$9.9 million over four years from 2019-20 is being internally funded by the department to improve the operation and management of drinking water supplies in Indigenous communities to ensure public health is protected.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Specialist Outpatient Long Wait Strategy	—	—	77,400	—	—

Delivering on our election commitments, the Government will provide increased funding of \$77.4 million in 2020-21 to extend the Specialist Outpatient Long Wait Strategy, to ensure patients continue to have timely access to specialist outpatient appointments.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Navigate Your Health	—	—	—	—	—

Funding of \$2.7 million over two years is being internally funded by the department for the Navigate Your Health initiative to expand the trial of comprehensive health screening and assessments for young people in care to include young people in the Youth Justice system.

This forms part of the Government's total internal funding of \$3.5 million over two years. Further details can be found in the Department of Child Safety, Youth and Women section of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

Queensland Police Service

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Monitoring Reportable Offenders	4,884	5,351	5,476	5,592	5,724

The Government is providing additional funding of \$27 million over five years and \$5.7 million per annum ongoing for the monitoring of reportable offenders following amendments to the *Child Protection (Offender Reporting and Offender Prohibition Orders) Act 2004*. The capital component of this measure can be found in Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Community-Based Intensive Supervision	—	9,410	—	—	—

The Government is providing additional funding of \$9.4 million in 2019-20 to support the intensive supervision in the community of young people on bail. Dedicated teams of police officers and police liaison officers will undertake random surveillance and bail condition compliance checks during critical risk periods to support young people on bail in six locations across the state.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Tackling Organised Crime	—	5,000	—	—	—

The Government is providing increased funding of \$5 million in 2019-20 to continue the Government's commitment to target crime hotspots throughout the State, and issues such as organised crime, alcohol fuelled violence and the drug ice.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Body Worn Cameras for Police	—	2,100	2,100	2,100	—

The Government is providing increased funding of \$6.3 million over three years to continue the body worn camera program to provide more effective and efficient policing services to the people of Queensland. This will enable the continuation of over 5,000 body worn camera devices.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Civilian Prosecutors	—	1,858	1,908	1,960	2,014

The Government is providing increased funding of \$7.7 million over four years and \$2 million per annum ongoing for civilian prosecutors across the State. These staff will assist the Police Prosecution Corps to overcome significant increases in workload and ensure prosecutorial services meet the expectations of the community and the judiciary.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Project Booyah - Framing the Future	367	982	410	—	—

The Government is providing increased funding of \$1.8 million over three years to continue funding the *Framing the Future* initiative, as part of Project Booyah. Project Booyah is an early intervention program for at risk young people aiming to address participants' disengagement with family, community and education, and reduce offending. The *Framing the Future* initiative will provide community-based youth support mentorship to graduates of Project Booyah.

The funding of \$410,000 in 2020-21 contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Taskforce Orion	—	339	653	669	685

The Government is providing increased funding of \$2.3 million over four years and \$685,000 per annum ongoing to permanently integrate Taskforce Orion into the Queensland Police Service Child Abuse and Sexual Crime Group. Taskforce Orion was established in 2016 as part of the Government's response to the Queensland *Organised Crime Commission of Inquiry* report to investigate child exploitation material, focusing on peer-to-peer sharing platforms.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Additional Childrens Court Matters	38	225	—	—	—

The Government is providing increased funding of \$263,000 over two years to continue Queensland Police Service prosecutorial services to increase cases heard in the Childrens Court.

This forms part of the total investment of \$2.6 million over two years in additional Childrens Court matters. Further details can be found in the Department of Justice and Attorney-General section of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Townsville Community Youth Response	—	209	215	221	226

The Government is providing increased funding of \$871,000 over four years to continue and expand the Townsville Community Youth Response by providing additional prosecutorial staff to support the Specialist High Risk Youth Court and address recommendations in the *Townsville's Voice: Local Solutions to Address Youth Crime* report.

This forms part of the Government's increased investment of \$18.5 million over four years to support the Townsville Community Youth Response. Further details of this funding can be found in the Department of Justice and Attorney-General and Department of Youth Justice sections of this chapter.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Counter-Terrorism Capability and Capacity	—	—	774	—	—

The Government will provide increased funding of \$774,000 in 2020-21 to maintain counter-terrorism capability and capacity in response to the sustained national threat level. The funding will maintain the ability to profile and assess persons of interest, source valuable intelligence and counter violent extremism.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Murri Court Expansion	—	—	—	—	—

Funding of \$1.5 million over five years and \$356,000 per annum ongoing has been internally met by the department for Queensland Police Service prosecutors to support the expansion of the Murri Court into Ipswich.

This forms part of the Government's total funding of \$4.1 million over five years, comprising of \$2.5 million new funding and \$1.5 million internal funding to expand the Murri Court to Ipswich. Further details can be found in the Department of Justice and Attorney-General section of this chapter.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Targeting Serious and Organised Crime	—	—	4,967	—	—

The Government will provide increased funding of \$5 million in 2020-21 to target serious and organised crime. This funding will ensure the Queensland Police Service has the resources to continue implementing the Government's response to the *Queensland Organised Crime Commission of Inquiry* report and undertake operational and intelligence-driven activities, legislative reform and education and training.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Youth Justice Investment - Police Overtime for Supervision of Young People in Watchhouses	938	—	—	—	—

The Government has provided additional funding of \$938,000 in 2018-19 to support increased costs to supervise and support young people in watchhouses.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

Queensland Treasury

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Camera Detection Offence Program	—	745	2,030	2,081	2,360

The Government is providing increased funding of \$7.2 million over four years and \$2.4 million per annum ongoing to reduce incidents of road trauma.

The Government is providing increased funding of \$180.3 million over four years across departments as part of the Camera Detected Offence Program. Further details can be found in the Department of Transport and Main Roads section of this chapter. The capital component of this measure can be found in the Department of Transport and Main Roads section of Chapter 3 Capital Measures.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Government Investment in Renewable Energy - CleanCo Queensland Limited Establishment	10,000	—	—	—	—

The Government has provided additional funding of \$10 million in 2018-19 to establish and support the operations of Queensland's newest renewable energy generator. \$4 million of this funding is provided for the CleanCo Implementation Taskforce, which is in addition to \$2.5 million originally provided under the Powering Queensland Plan to investigate CleanCo's creation. A further \$6 million is provided to CleanCo Queensland Limited as an operating grant.

This forms part of the Government's total funding of \$280 million over three years (\$30 million new funding and \$250 million internal funding) for Government Investment in Renewable Energy - CleanCo Queensland Limited Generation. The capital component of this measure can be found in Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Native Title Compensation Project Management Office	872	1,560	—	—	—

The Government is providing additional funding of \$2.4 million over two years to support the Native Title Compensation Project Management Office to manage existing compensation claims made against the State and develop a Native Title Compensation Settlement Framework.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Jobs and Regional Growth Fund	—	—	—	—	—

The Government is providing increased funding of \$25 million, held centrally, to assist businesses and projects that will generate economic development and employment opportunities in regional Queensland. This increase brings the total funding to \$175 million.

Queensland Treasury and the Department of State Development, Manufacturing, Infrastructure and Planning are jointly responsible for the Fund. Further details can be found in the Department of State Development, Manufacturing, Infrastructure and Planning section of this chapter.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Resources Community Infrastructure Fund	—	—	—	—	—

The Government is providing additional funding of \$30 million over three years, held centrally, to invest in improving critical economic and social infrastructure across Queensland's resource communities.

3 Capital Measures

Introduction

The following tables present the relevant portfolio capital measures relating to decisions taken since the 2018-19 Budget. This does not represent the full amount of additional funding provided to agencies since the 2018-19 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1.

Department of Agriculture and Fisheries

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Supporting Delivery of the Queensland Greyhound Racing Industry Commission of Inquiry (<i>MacSporran Report</i>) Recommendations	—	1,623	—	—	—

The Government is providing additional funding of \$1.6 million in 2019-20 to fund Queensland Racing Industry Commission's investment in the Registration and Licensing Environment to finalise the implementation of a contemporary digital licensing and registration system for the racing industry and the delivery of *MacSporran Report* recommendations for greyhound lifecycle tracking. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Child Safety, Youth and Women

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Staged Replacement of Integrated Client Management System	—	14,782	7,119	—	—

The Government is providing increased funding of \$21.9 million over two years to progress the next stage of the replacement of the current Integrated Client Management System. The new 'Unify' system will incorporate new and enhanced functionality for the department and the Department of Youth Justice, and for integrated multi-agency collaboration and improved sharing and management of child protection information, to better support children and families in the child protection and youth justice systems.

A further \$56.8 million in capital funding is held centrally to deliver Tranche 1 of the new solution. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Education

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Building Future Schools Fund - increased funding	21,700	146,500	172,800	102,900	49,900

The Government is providing increased funding of \$493.8 million over five years to deliver world class learning environments for students, including the second stage of new schools opening in 2020, a further four new schools to open in 2021 and land acquisitions. Total funding for this initiative is \$532.6 million over seven years (to 2024-25), bringing total investment in the Building Future Schools Fund to \$1.3 billion.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
School infrastructure	10,000	101,300	140,000	—	—

The Government is providing increased funding of \$251.3 million over three years for the provision of additional facilities at existing state schools experiencing enrolment growth.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Air-conditioning in state schools	—	25,000	25,000	25,000	25,000

The Government is providing increased funding of \$100 million over four years for priority state school air-conditioning projects, including the urgent replacement of air-conditioning units in schools in the Cooler Schools Zone and other priority school air-conditioning projects, which will be informed by a review of state school air-conditioning needs.

This is in addition to existing funding of \$23 million in 2018-19 and \$17 million per annum from 2019-20 for air-conditioning upgrades and maintenance, bringing total funding to \$191 million over five years.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Office of Industrial Relations ICT Investment	—	1,000	1,000	1,000	1,000

The Government is providing additional funding of \$4 million over four years to support the implementation of recommendations from the *Best Practice Review of Workplace Health and Safety Queensland*.

Total funding for this initiative is \$8 million over four years. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth FlexiSpaces in Schools	—	—	—	—	—

Funding of \$10 million over three years from 2019-20 is being internally met by the department to refurbish state school classrooms to provide an alternative learning environment for at-risk students.

Total funding for this initiative is \$16.6 million over four years from 2018-19. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Environment and Science

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Revitalising National Parks	—	10,000	—	—	—

The Government is providing increased funding of \$10 million in 2019-20 to continue the revitalisation of infrastructure in National Parks including walking trails, lookouts, camping and day use facilities. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Museum - Critical Maintenance and Infrastructure Works	—	6,655	2,997	—	—

The Government is providing increased funding of \$9.7 million over two years to replace/upgrade the research and biodiversity collection storage at the Queensland Museum. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Accelerating Science Delivery Innovation Tranche 2	365	3,024	84	(961)	(961)

The Government is providing \$3.5 million for Tranche 2 with increased funding of \$1.6 million over five years and \$1.9 million met internally for modernisation of critical scientific infrastructure and increased capacity to deliver enhanced scientific services across Queensland.

This forms part of the Government's total equity investment of \$6.4 million since 2017 into enhancing science-based management of the Queensland environment. The expense component of this measure can be found in Chapter 2 Expense Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Arts Infrastructure Investment Fund	—	2,500	2,500	—	—

The Government is providing increased funding of \$5 million over two years to modernise Queensland Performing Arts Centre's lighting through the installation of energy efficient LED lighting.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Parks and Wildlife Service - Enhanced Fire Management	—	1,700	3,600	1,500	—

The Government is providing increased funding of \$6.8 million over three years to provide for enhanced infrastructure and equipment to enable Queensland Parks and Wildlife Service to reduce risk to life, property and biodiversity from bushfires on the Protected Area Estate. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Cultural Centre - Critical Infrastructure Asset Renewal	—	1,450	5,470	—	—

The Government is providing increased funding of \$6.9 million over two years to continue the renewal of the Central Energy Plant at the Queensland Cultural Centre. This investment will ensure environmental conditions are maintained to meet increased service demand at the Queensland Cultural Centre.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
East Trinity Environmental Reserve - Infrastructure Program	—	940	1,640	570	—

The Government is providing additional funding of \$3.2 million over three years for infrastructure to manage acid sulphate soils and environmental risks in the East Trinity Environmental Reserve and catchments flowing to the Great Barrier Reef.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
National Parks Harsh Environment Fire Vehicles	—	560	—	—	—

The Government is providing increased funding of \$560,000 in 2019-20 towards the fitout of vehicles operating in harsh environments in Queensland's Protected Area Estate, to ensure continued safety of staff, property and the community. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Saving Queensland's Threatened Species - Koalas	—	516	300	—	—

The Government is providing increased funding of \$816,000 over two years for renewal of infrastructure at the Moggill Koala Rehabilitation Centre. The funding will provide vital infrastructure to support the care and rehabilitation of sick and injured koalas. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Cape York Peninsula Tenure Resolution Program and National Park Joint Management with Traditional Owners	—	500	—	—	—

The Government is providing additional funding of \$500,000 in 2019-20 for the acquisition of land under the Cape York Tenure Resolution Program. Acquired land will be managed as part of the Cape York Joint Management Program. The expense component of this measure can be found in Chapter 2 Expense Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
North Stradbroke Island (Minjerrabah) Protected Area Estate Expansion and Construction of Ranger Base	—	—	—	—	—

The Government is providing additional funding of \$5.5 million over four years for the construction of a new ranger base on North Stradbroke Island (Minjerrabah). The ranger base will support rangers employed by First Nations Peoples and Queensland Parks and Wildlife Service. Funding will be held centrally until the final cost of the Stage B additions and permanent ranger base are known. The expense component of this measure is can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Protected Area Acquisitions - Noosa Koala Corridor	—	—	—	—	—

Funding of \$2.1 million is being internally met by the department for the acquisition of land in the Noosa koala corridor which will be added to the Protected Area Estate.

Department of Housing and Public Works

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Gabba Refurbishment	—	35,000	—	—	—

The Government is providing additional funding of \$35 million in 2019-20 towards the refurbishment of the Gabba. The planned works will upgrade public, corporate and media facilities as well as streamlining entry to the venue.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Government Employee Housing - Critical Works	—	27,700	—	—	—

The Government is providing increased funding of \$27.7 million in 2019-20 for government employee housing, including \$8.2 million for urgent upgrades and \$19.5 million for new capital constructions. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
North Queensland Stadium	43,500	—	—	—	—

The Government has provided increased funding of \$43.5 million in 2018-19 for the construction of the North Queensland Stadium. Funding of \$40 million will complete the project with a further \$3.5 million to install high-density Wi-Fi throughout the stadium and surrounding precinct.

This forms part of the Queensland Government's overall capital contribution of \$193.5 million to construct the stadium.

The North Queensland Stadium is a joint project of the Queensland Government, Australian Government, and Townsville City Council and is supported by both the National Rugby League and the North Queensland Cowboys. The stadium forms part of the Townsville City Deal signed in December 2016. The expense component of this measure can be found in Chapter 2 Expense Measures.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Queensland Government Data Centres and Services	—	—	—	—	—

The Government is providing additional funding of \$3.7 million over four years, held centrally, to support the delivery of a new, secure model of data centre service delivery for Queensland Government agencies. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Innovation, Tourism Industry Development and the Commonwealth Games

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Wangetti Trail	—	—	4,520	25,928	—

The Government will provide additional funding of \$30.5 million over two years to secure tenure for the Wangetti Trail and build the associated infrastructure, including preparation of eco-tourism accommodation sites.

Further details can be found in the Department of Innovation, Tourism Industry Development and the Commonwealth Games and Department of Environment and Science sections of Chapter 2 Expense Measures and the Department of Environment and Science section of Chapter 4 Revenue Measures.

Department of Justice and Attorney-General

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Courthouse Maintenance and Upgrades	—	2,375	2,375	—	—

The Government is providing additional funding of \$4.8 million over two years for priority capital projects at various Queensland courthouses. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Recording and Transcription Services	—	801	1,898	—	—

The Government is providing additional funding of \$2.7 million over two years for the implementation of the new service delivery model for recording and transcription services. The expense component of this measure, including funds held centrally, can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Office of the Public Guardian	175	500	400	125	—

The Government is providing additional funding of \$1.2 million over four years for the Office of the Public Guardian to undertake accommodation upgrades as part of responding to increased workloads and continuing to deliver protection to children in care and vulnerable adults. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Community Justice Groups - System Enhancement	—	62	188	—	—

The Government is providing additional funding of \$250,000 over two years to develop a grants management system as part of expanding Community Justice Groups, targeted at areas of greatest need. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Natural Resources, Mines and Energy

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Hopeland (Linc Energy) Management and Remediation	—	3,770	290	100	100

The Government is providing increased funding of \$4.3 million over four years (\$4.4 million over five years) to continue the management and remediation of the former Linc Energy underground coal gasification site. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Abandoned Mines - Care and Maintenance, Risk Mitigation, Remediation and Consultation	—	2,800	500	—	—

The Government is providing increased funding of \$3.3 million over two years to manage safety, health and environmental risks at four high priority abandoned mine sites. The expense component of this measure can be found in Chapter 2 Expense Measures.

Department of Transport and Main Roads

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Cairns Shipping Development Project	30,000	30,000	—	—	—

The Government is providing additional funding of \$60 million over two years for Ports North to undertake the Cairns Shipping Development Project. The project will widen and deepen the channel thereby increasing the size and number of cruise ships and other vessels able to berth in Cairns.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Disaster Recovery Funding Arrangements	—	16,300	33,700	—	—

The Government is providing increased funding of \$50 million over two years to restore assets damaged by 2018-19 natural disaster events.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Townsville Channel Capacity Upgrade Project	59,817	10,000	15,000	15,000	20,000

The Government is providing additional funding of \$59.8 million in 2018-19 for the Port of Townsville to undertake the Townsville Channel Capacity Upgrade Project. The total project cost is \$193.5 million over six years. The Australian Government has committed to provide \$75 million (of which \$15 million is allocated beyond 2022-23) towards the completion of this project. Negotiations with the Australian Government over timing of this funding are ongoing. The Channel Capacity Upgrade forms part of the Townsville City Deal signed in December 2016.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Camera Detected Offence Program	—	2,000	15,750	38,750	110,000

The Government is providing increased funding of \$166.5 million over four years and \$110 million per annum ongoing to improve the safety of the sections of state-controlled roads where accidents happen most frequently.

The Government is providing total increased funding of \$180.3 million over four years across departments as part of the Camera Detected Offence Program. Further funding can be found in the Queensland Treasury and Department of Transport and Main Roads sections of Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Clapham Rail Yards land acquisition	—	—	—	—	—

Funding of \$81 million over two years from 2019-20 is being internally funded by the department to purchase land for a train stabling facility at the Clapham Rail Yards in Yeerongpilly. The \$380 million facility will provide for increased capacity and reliability of the rail network and will reduce empty running of trains.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Port of Townsville Common User Facility	—	—	—	—	—

The Government is providing additional funding of \$30 million over two years, held centrally, to contribute towards the construction and operation of containerised freight loading and unloading facilities at the Port of Townsville. The facility will be open for use by any above rail operator, will reduce the need for road transportation to the port and will benefit the North West Minerals Province through reduced transportation cost and time. The investment by Government is subject to the finalisation of the business case by the Port of Townsville Limited and shareholding Minister consideration.

The funding forms part of the Government's broader package of \$110 million over four years from 2019-20 to support the North West Minerals Province. This is in addition to the \$39 million that was committed in the 2017-18 Budget to deliver initiatives to support the North West Minerals Province. The expense component of this measure can be found in Chapter 2 Expense Measures, under the title Mount Isa Line Below Rail Subsidy.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Roma Street Busway Interchange	—	—	—	—	—

Funding of \$250 million over five years from 2019-20 is being internally funded by the department to deliver an underground busway to rail interchange between the Cross River Rail station and the Roma Street Busway, to deliver enhanced connectivity between bus and rail at Queensland's busiest public transport interchange. Delivery will be concurrent with underground works for the new Cross River Rail station.

Department of Youth Justice

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Additional 16 beds at Brisbane Youth Detention Centre	150	23,858	3,000	—	—

The Government is providing additional funding of \$27 million over three years to deliver infrastructure for an additional 16 beds and associated facilities at the Brisbane Youth Detention Centre.

This forms part of the Government's total investment of \$27 million capital and \$18.3 million operating over five years, and \$5.7 million per annum operating ongoing for the additional 16 beds at Brisbane Youth Detention Centre. Further details can be found in the Department of Youth Justice, Department of Education and Queensland Health sections of Chapter 2 Expense Measures.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - New Youth Detention Centre at Wacol	300	9,700	—	—	—

The Government is providing additional funding of \$10 million over two years to commence early works on a new 32 bed youth detention centre at Wacol to relieve pressures within the youth detention system. The Government is holding an additional \$140 million centrally for the estimated total project cost.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Youth Justice Investment - Youth Detention Centres: Upgrade Program	—	1,010	—	—	—

The Government is providing increased funding of \$1 million in 2019-20 to address essential upgrade projects at existing youth detention centres.

This contributes to the whole-of-government investment for a suite of youth justice infrastructure and non-infrastructure initiatives of \$154.5 million operating (including \$143.1 million new funding and \$11.4 million to be funded internally) and \$178 million capital (including \$140 million held centrally for estimated project costs) over five years. Details on the Youth Justice Investment measures can be found in the Department of Youth Justice, Department of Child Safety, Youth and Women, Department of Education, Queensland Health, Queensland Police Service and Department of Justice and Attorney-General sections of this chapter, and the Department of Youth Justice section of Chapter 3 Capital Measures.

Legislative Assembly of Queensland

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Critical Infrastructure and Services Upgrade Program	—	3,412	6,219	4,862	—

The Government is providing additional funding of \$14.5 million over three years to undertake critical infrastructure works to the Parliamentary Annexe. Upgrades to the fire protection systems, air-conditioning units and electrical switchboard systems will ensure the safety of staff and visitors and ensure ongoing reliability of building infrastructure.

Public Safety Business Agency

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Queensland Government Air - Aircraft Maintenance and Compliance	220	6,611	—	—	—

The Government is providing additional funding of \$6.8 million over two years to ensure Queensland Government Air (QGAir) continues to be compliant with Civil Aviation Safety Authority requirements. This funding enables QGAir to continue to support the State for search and rescue, natural disasters, police and aeromedical operations, including organ retrievals, and transport services for Government. The expense component of this measure can be found in Chapter 2 Expense Measures.

Queensland Corrective Services

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Minor Capital Works and Maintenance	—	8,000	8,500	5,600	—

The Government is providing increased funding of \$22.1 million over three years to upgrade and maintain infrastructure within correctional centres. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Taskforce Flaxton	—	2,200	—	—	—

The Government is providing additional funding of \$2.2 million in 2019-20 to commence implementing the recommendations of the Crime and Corruption Commission's *Taskforce Flaxton* examination of corruption risks and corruption in Queensland prisons. The expense component of this measure can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Expansion of Bunk Beds	—	—	—	—	—

The Government is providing increased funding of \$15 million over two years, held centrally, to install additional purpose-built bunk beds.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Southern Queensland Correctional Precinct - Stage 2	—	—	—	—	—

The Government is providing additional funding of \$620 million, held centrally, towards an expansion of the Southern Queensland Correctional Precinct. The expansion will deliver a correctional facility with a focus on health and rehabilitation, which will reduce reoffending, and ease overcrowding across the correctional services system. The expense component of this measure can be found in Chapter 2 Expense Measures.

Queensland Health

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Caboolture Hospital Carpark	—	1,650	28,790	11,740	4,010

The Government is providing additional funding of \$46.2 million over four years (\$46.6 million over five years) to build a new multi-storey carpark at the Caboolture Hospital to improve car parking access for patients, carers and their families.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Caboolture Hospital Expansion	—	—	—	70,200	30,000

Delivering on our election commitments, the Government will provide increased funding to secure the \$352.9 million expansion of the Caboolture Hospital. The expansion will deliver an additional 130 beds at Caboolture Hospital as well as the refurbishment of critical clinical support services to meet growing demand in the region.

The new four-story clinical services building will connect with the existing hospital on two levels, and will include a new emergency department with medical imaging services including CT, X-ray and ultrasound, 16-bed Transit Lounge, Operating theatres, 10-bed Intensive Care Unit, enhanced special care nursery with 15 bays, medical day stay unit, 10-bed Palliative Care unit, 20-bed Rehabilitation Unit including multiple therapy spaces and gymnasium, eight bed Cardiac Care Unit, four bed Chest Pain Assessment Unit and 16-bed medical ward, 14-bed geriatric evaluation and management (GEM) Unit, 32-bed medical inpatient ward, upgraded morgue, re-configured entry/exit point, expanded medical records facility, pharmacy and pathology and new café and visitor lounge.

This is part of the Building Better Hospitals program, which will help to deliver the critical infrastructure needed to meet the increase in current and future demand for hospitals and other healthcare services in the south-east Queensland growth corridor.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Fraser Coast Mental Health Service	—	—	—	—	—

The Government is providing funding, held centrally, to support the delivery of a new 22-bed adult acute mental health inpatient unit at Hervey Bay Hospital and the refurbishment of the existing acute mental health inpatient unit at Maryborough Hospital. The Government has sought funding for the projects under the Australian Government's Community Health and Hospitals Program and is awaiting outcomes.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Infrastructure Maintenance Program	—	—	—	—	—

The Government is providing additional funding of \$80 million over two years, held centrally, to support priority Information and Communications Technology infrastructure upgrades.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Logan Hospital Expansion	—	—	—	120,000	59,671

Delivering on our election commitments, the Government will provide increased funding to secure the \$460.9 million expansion of the Logan Hospital. The expansion will deliver an additional 206 beds with a vertical expansion of Building 3 and targeted refurbishment of other key locations.

The completed Logan Hospital Expansion project will provide 206 extra beds and include 9 operating theatres, 4 endoscopy suites, medical imaging including CT, X-Ray, Ultra, MRI and fluoroscopy, pharmacy, pathology, an 11-bed intensive care unit, nine chemotherapy chairs, expanded maternity services, outpatients, child and youth mental health, a medical lounge, kitchen expansion and full refurbishment and staff dining.

This is part of the Building Better Hospitals program, which will help to deliver the critical infrastructure needed to meet the increase in current and future demand for hospitals and other healthcare services in the south-east Queensland growth corridor.

2019-20 Budget Measures

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Redcliffe Hospital MRI and CT Scanner	—	—	—	—	—

Funding of \$16 million over three years is being internally funded by the department to purchase a new magnetic resonance imaging (MRI) machine and a computerised tomography (CT) scanner for Redcliffe Hospital.

Queensland Police Service

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Monitoring Reportable Offenders	640	—	—	—	—

The Government has provided additional funding of \$640,000 in 2018-19 for the purchase of vehicles required for the monitoring of reportable offenders following amendments to the *Child Protection (Offender Reporting and Offender Prohibition Orders) Act 2004*. The expense component of this measure can be found in Chapter 2 Expense Measures.

Queensland Treasury

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Government Investment in Renewable Energy - CleanCo Queensland Limited Establishment	20,000	—	—	—	—

The Government has provided additional funding of \$20 million in 2018-19 to CleanCo Queensland Limited to support the operations of Queensland's new government owned renewable energy generator during its establishment phase.

This forms part of the Government's total funding of \$280 million over three years (\$30 million new funding and \$250 million internally met) for Government Investment in Renewable Energy - CleanCo Queensland Limited Generation. Further details can be found in Chapter 2 Expense Measures.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Government Investment in Renewable Energy - CleanCo Queensland Limited Generation	—	—	—	—	—

The Government is providing additional funding of \$250 million over two years (\$150 million in 2019-20 and \$100 million in 2020-21), held centrally, for CleanCo Queensland Limited to build, own and operate new commercial renewable energy generation in Queensland. This funding will be provided to CleanCo as projects are approved. This funding has been reallocated from several sources. \$100 million from the Waste Disposal Levy revenue has been allocated as part of this funding. The Government's existing \$50 million for Solar Thermal has been allocated to CleanCo, which is best placed to deliver innovative and regional projects including Solar Thermal. CleanCo has also been reallocated \$100 million for the proposed Burdekin Falls Dam hydro-electric power station pending further consideration of this project. In the event that the project is not progressed, CleanCo will be required to invest this funding in a regional renewable energy project to support regional jobs, and help the Government reach its 50/50 renewable energy target by 2030.

This forms part of the Government's total funding of \$280 million over three years (\$30 million new funding and \$250 million internally met) for Government Investment in Renewable Energy - CleanCo Queensland Limited Generation. Further details can be found in Chapter 2 Expense Measures.

4 Revenue Measures

Introduction

The following tables present the relevant portfolio revenue measures relating to decisions taken since the 2018-19 Budget. For further explanation, refer to Explanation of Scope and Terms in Chapter 1.

Department of Education

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Amendments to the Schedule of Fees prescribed in the Education (Queensland Curriculum and Assessment Authority) Regulation 2014	—	637	539	553	567

The Government will amend the schedule of fees prescribed in the *Education (Queensland Curriculum and Assessment Authority) Regulation 2014* to support the introduction of the new senior assessment and tertiary entrance arrangements, ensuring certain existing fees represent full cost recovery, and removing fees for discontinued services.

Department of Environment and Science

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Wangetti Trail	—	—	—	—	2,111

The Government will receive payments from the operator of the Wangetti Trail estimated at \$2.1 million per annum from 2022-23, recognising new camping opportunities arising from the opening of the Wangetti Trail. This revenue will contribute to the cost of operating and maintaining the trail.

Further details can be found in the Department of Innovation, Tourism Industry Development and the Commonwealth Games and Department of Environment and Science sections of Chapter 2 Expense Measures and the Department of Innovation, Tourism Industry Development and the Commonwealth Games section of Chapter 3 Capital Measures.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Reduction in Regulated Fees - Pig Keeping	(34)	(155)	(159)	(163)	(166)

The Government is reducing fees paid for Environmentally Relevant Activity Pig Keeping. The environmental risk assessment for the activity has been revised to reflect contemporary operations in the Queensland industry. This has led to a reduction in the annual fee payable for an environmental authority for carrying out the pig keeping activity.

Department of Natural Resources, Mines and Energy

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Drought Assistance Package and Queensland Drought Reform	—	—	—	—	—

The Government is providing fee and rental relief of up to \$4.2 million in 2019-20, held centrally, as part of the Drought Assistance Package and Queensland Drought Reform. This includes rent rebates for primary production tenures and waiver of annual water licence fees in drought declared local government areas or on individually droughted properties.

The Drought Assistance Package and Queensland Drought Reform is a total of up to \$74.6 million over four years from 2019-20 to support drought affected communities across the State. Further details can be found in the Department of Agriculture and Fisheries, Department of Communities, Disability Services and Seniors and the Department of Natural Resources, Mines and Energy sections of Chapter 2 Expense Measures.

Department of Transport and Main Roads

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Cost Recovery for Drink Driving Reforms	—	3,081	3,234	3,434	3,642

The Government is increasing the existing Interlock 'I' Condition Licence fee and introducing new fees for the Brief Intervention Education Program and Repeat Offender Education Program. The expense component of this measure can be found in Chapter 2 Expense Measures.

Electoral Commission of Queensland

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Local Government Elections	—	—	3,713	—	—

The Government will recuperate funding of \$3.7 million from councils associated with conducting Local Government elections to be held in March 2020. The expense component of this measure can be found in Chapter 2 Expense Measures.

Queensland Treasury

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Land tax - foreign surcharge	—	131,000	134,000	136,000	139,000

The Government will increase the land tax absentee surcharge rate from 1.5% to 2.0% from 2019-20. The application of the surcharge will also be widened to include foreign corporations and trustees of foreign trusts. These measures are estimated to raise \$540 million over four years. The determination of absentee status for land tax purposes will also be adjusted so that Australian citizens and permanent residents are no longer classed as absentees and will be exempt from the absentee surcharge.

	2018-19	2019-20	2020-21	2021-22	2022-23
	\$'000	\$'000	\$'000	\$'000	\$'000
Royalties - Petroleum royalty rate increase	—	113,000	123,000	120,000	120,000

The Government is increasing the petroleum royalty rate by 2.5% to 12.5% from 2019-20. This will increase revenue by \$476 million over the four years ending 2022-23. A transitional arrangement for one year will apply for royalty payers that lodge and pay on an annual basis ending 31 December 2019.

An increased petroleum royalty rate helps ensure a reasonable return is made to the community for the extraction of Queensland resources, and a rate of 12.5% for petroleum remains competitive with other royalty regimes internationally. For example, petroleum royalty in the USA are generally charged at a rate between 12.5% and 30% of the wellhead, while crown royalty rates in Canada are typically up to 45%.

The Government will also review the design of Queensland's current petroleum royalty regime to ensure greater certainty and equity for all parties and identify opportunities to simplify the current regime, while providing an appropriate return to Queenslanders. While the Government has already taken measures to ensure greater certainty of domestic gas supply (for example, through release of gas tenures specifically to supply domestic gas), the review will identify further opportunities to strengthen domestic supply through the royalty regime settings.

2019-20 Budget Measures

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Land tax - Increased rate for Companies and Trusts	—	56,000	58,000	60,000	64,000

The Government will increase land tax rates for companies and trusts by 0.25 cents for each dollar above \$5 million from the 2019-20 assessment year. These changes are estimated to increase revenue by \$238 million over the four years ending 2022-23. The land tax rates for individuals will not be affected.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Additional Revenue Compliance Program	—	20,000	40,000	80,000	80,000

The Government will increase revenue compliance work undertaken by Queensland Treasury. The compliance program is expected to increase revenue, net of the additional costs, by \$220 million over four years, ending 2022-23.

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000
Payroll tax reform for jobs growth (net revenue impact)	—	(45,000)	(138,000)	(121,000)	(37,000)

The Government will deliver a package of targeted payroll tax measures to drive employment in Queensland businesses, particularly small, medium and growing businesses in regional Queensland. The measures include a higher payroll tax exemption threshold, reduced payroll tax rates for regional employers over the forward estimates, a two-year extension to the 50% apprentice and trainee rebate and rebates to Queensland employers (capped at \$20,000 annually per employer) will be available where employee numbers are increased.

The Government is committing \$885 million over four years to these measures, which are being partially funded by an increase in the payroll tax rate applying to employers with annual taxable wages above \$6.5 million. Combined, the reforms to payroll tax are estimated to have a net revenue reduction of \$341 million over the four years ending 2022-23.



Queensland Budget 2019-20

Budget Measures Budget Paper No.4

budget.qld.gov.au

EXHIBIT (c)(iv)

Report entitled

“Queensland Budget 2019-20 Mid-Year Fiscal and Economic Review”.

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;
- 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.



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FOREWORD

FOREWORD



I am pleased to present the 2019-20 Mid-Year Fiscal and Economic Review (MYFER).

MYFER proves that even in challenging economic conditions, the Palaszczuk Government's economic plan is working.

We are backing more jobs in more industries, building essential infrastructure and delivering high-quality frontline services that all Queenslanders have come to expect, regardless of where they live.

Since the Palaszczuk Government was elected, more than 223,000 Queensland jobs have been created, including 118,000 full time jobs.

Over the past year alone, more than half of all new Queensland jobs have been created in regions outside Greater Brisbane.

Our Government is backing Queensland jobs with measures like our \$885 million payroll tax package. This includes a payroll tax discount for regional businesses and an increase in the payroll tax threshold, reducing the cost of doing business for more than 13,000 Queensland employers.

Our \$51.8 billion infrastructure program is the largest four-year capital spend in nearly a decade, supporting 41,500 jobs in 2019-20 alone. Our infrastructure program includes record investments in health and education.

The Palaszczuk Government's responsible economic management has delivered five consecutive operating surpluses. MYFER forecasts that the Government will deliver \$2.1 billion in surpluses over the forward estimates.

We are keeping expenses under control. In the first six months, the Service Priority Review Office has realised savings of \$715 million this financial year and \$1.4 billion over the forward estimates, all without imposing redundancies.

Global economic turbulence and a slowdown in domestic economic growth have resulted in falls in commodity prices and a reduction in the size of the GST pool.

Despite the resulting revisions to royalties and GST revenue relative to Budget, revenue growth will continue to outpace expenses growth over the forward estimates, bolstering our state's bottom line.

Growth in the national economy has slowed to rates not seen since the Global Financial Crisis, but Queensland's economy continues to grow faster than the nation. Annual household consumption growth in Queensland is the fastest in the country, while the annual value of our merchandise exports has reached record highs since the 2019-20 Budget and now sit at \$86.6 billion.

MYFER confirms our commitment to responsible economic management and to building an economy that benefits all Queenslanders.



The Honourable Jackie Trad MP

Deputy Premier

Treasurer

Minister for Aboriginal and Torres Strait Islander Partnerships

2 Mid-Year Fiscal and Economic Review 2019-20

OVERVIEW

OVERVIEW

The 2019-20 Mid-Year Fiscal and Economic Review (MYFER) provides an update on the state's economic and fiscal position since the 2019-20 Queensland Budget.

The MYFER shows the fundamentals of the Budget and economy remain strong with highlights including:

- A forecast net operating surplus of \$151 million in 2019-20 and surpluses totalling \$2.122 billion over the forward estimates, despite significant reductions in forecast GST revenue and coal royalties.
- An increased capital program of \$51.8 billion over the forward estimates, supporting 41,500 jobs in 2019-20.
- Employment growth in 2019-20 to improve from the Budget forecast of 1¼% to 1½%.
- Forecast economic growth of 2½% in 2019-20, strengthening to 2¾% in 2020-21.
- A reduction in GST revenue from the Commonwealth of \$2.5 billion since the 2018-19 Budget, over the three years to 2021-22.
- Savings from the Service Priority Review Office of \$715 million in this financial year and \$1.365 billion over the forward estimates, delivered by reducing operating expenses and recovering overpayments, without imposing redundancies.

The MYFER is underpinned by strong fiscal principles that not only target ongoing reductions in Queensland's relative debt, they also allow for responsible management of the state's finances including establishment of the Service Priority Review Office (SPRO) to target savings across government.

The Queensland Government is staying the course and delivering on our commitment to create more jobs in more industries, against the backdrop of challenging events both global and nationally which are impacting on the Queensland economy. These include the US-China trade war, Brexit, a slowdown of the Chinese economy and Australia's softening economy.

Both the Reserve Bank of Australia (RBA) and the Organisation for Economic Co-operation and Development have acknowledged these economic headwinds. So too Moody's - in their recent *Australia 2020 Outlook* publication - who highlight that all states and territories are exposed to the global economic slowdown.

The Palaszczuk Government's Economic Plan will continue to deliver more jobs in more industries across the state. The effectiveness of the Economic Plan is demonstrated through Queensland's strong jobs growth: more than 223,000 jobs, including 118,000 full time jobs, have been created since January 2015.

The Palaszczuk Government is committed to delivering more jobs in more industries, in addition to building the infrastructure and providing the services Queenslanders need today and in the future. To support our current economic plan and, importantly, guarantee Queensland's future economic success, the government will establish the Queensland Future Fund.

The Queensland Future Fund will be seeded with an initial \$5 billion investment, \$2 billion redirected from the Government's existing debt retirement plan and a further \$3 billion invested from the surplus in the Defined Benefit fund. The Defined Benefit fund will continue to remain in surplus.

The Government's plan to make Queensland the place to do business is delivering considerable benefits for Queenslanders. For business, we are delivering the \$885 million payroll tax relief package announced in the 2019-20 Budget, including a regional payroll tax discount, an increase in the payroll tax threshold, and rebates for employers who take on additional full-time employees.

The Palaszczuk Government continues to deliver better schools and hospitals, new and improved transport networks and build infrastructure which grows the economy. Queensland has led the nation for new industries and new frontiers and that is why we are investing in the North-West Minerals Province, the hydrogen industry and developing new export hubs.

Our Economic Plan is working to create more jobs in more industries. This strong record of economic management allows us to deliver the infrastructure, skills and services that will help us to manage growth and ensure we can all share in the future prosperity of Queensland.

The 2020-21 State Budget, brought forward to 28 April 2020, will outline further measures to support regions and businesses across the state, get more Queenslanders into work and grow the economy.

OUR ECONOMIC PLAN - MORE JOBS IN MORE INDUSTRIES

The Queensland Government’s Economic Plan is continuing to deliver growth, jobs and prosperity for Queenslanders.

Since 2015, the Palaszczuk Government’s Economic Plan has been integral in driving economic prosperity, jobs and enhancing living standards across the state, through its focus on:

- increasing the economic opportunities available to Queenslanders
- enhancing the capacity of Queenslanders to access and capitalise on these opportunities
- ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.

The effectiveness of the Economic Plan is demonstrated by Queensland’s strong jobs growth (up 2.1% or 1,000 jobs per week) over the year to October 2019, with more than 223,000 jobs, including 118,000 full time jobs, delivered since January 2015.

Strong participation in the workforce

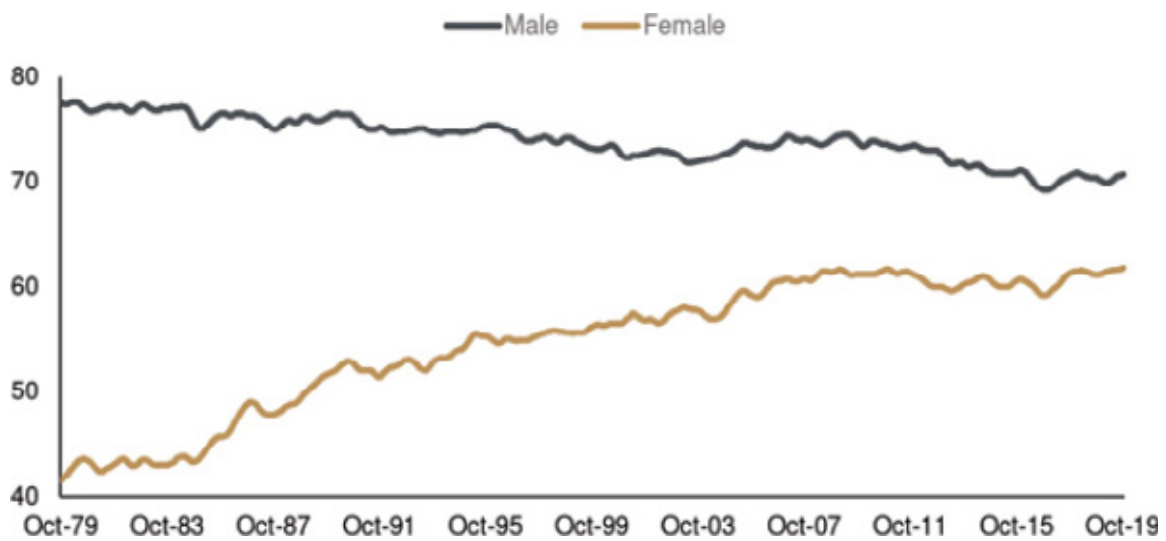
New entrants into the workforce are driving higher participation rates, with women playing a bigger part in the labour market.

Under the Palaszczuk Government, female participation in the workforce has grown from 60.1% of the female working-age population in January 2015 to 61.8% in October 2019.

The Palaszczuk Government is working hard to ensure more Queenslanders can enter the workforce, including through our \$885 million payroll tax package to encourage employment and through our investment in skills and training in traditional industries and new growth industries alike.

Chart 1: Participation rate, female and male, Queensland

(%, trend)



OUR ECONOMIC PLAN - MORE JOBS IN MORE INDUSTRIES

Creating more jobs in more industries for Queenslanders, no matter where they live, is a priority of the Palaszczuk Government. We have invested in programs which have seen new business growth in manufacturing and defence, and also in innovation and technology. Our jobs programs, including *Back to Work*, *Skilling Queenslanders for Work* and *Works for Queensland*, are making a real difference across the state.

Our traditional sectors are still driving jobs growth, with our tourism industry supporting 151,000 jobs in Queensland and generating \$12.3 billion in economic benefits in 2017-18.

Despite the strength of the state's economy and labour market, it is critical that we maintain a strong, resilient and adaptable economy and workforce so that we can continue to respond to global factors and technological change.

The Government's focus on driving economic growth is the right plan for the future of Queensland. We will continue to support more jobs in more industries in partnership with the private sector. That's why we are working with the private sector to deliver two new export hubs to support new industry growth and increase exports.

Our plan to create more jobs in more industries is delivering for Queensland, with the latest ABS data showing that Queensland has over 5,000 people employed in the renewable energy industry, the highest among all states and territories. A recent report from the Climate Council highlight that projects currently under construction or about to begin will take total job creation in renewables to almost 10,000. This increase in jobs is driven by the Palaszczuk Government's target of 50% renewable energy by 2030.

We have continued our commitment to renewable energy with the establishment of CleanCo, Queensland's third publicly-owned power generator which is providing affordable, reliable and renewable electricity for households, business and industry. CleanCo will build, own, operate and maintain a portfolio of clean energy assets for the benefit of all Queenslanders.

In line with the Economic Plan, the Government will continue to maintain a strong focus on driving job creation across the entire state, particularly in the regions. The Plan is working, with substantial falls in the unemployment rate in several key regions over the past year, including Cairns, Townsville, Darling Downs - Maranoa and the Outback. Further, the gap between the regional and SEQ unemployment rates has narrowed considerably, from a recent peak of 2.5 percentage points in mid-2016 to 0.5 percentage points in October 2019.

ECONOMIC OVERVIEW

ECONOMIC OVERVIEW

International and national economic conditions have weakened substantially since the 2019-20 State Budget, with Australian gross domestic product (GDP) growth slowing to its lowest rate since the Global Financial Crisis.

Reflecting this more challenging external economic environment, the near-term outlook for the state's economy has also softened since the Budget, reflecting weaker private demand and export growth.

Queensland's economic growth is expected to be 2½% in 2019-20, down from the 3% growth forecast at Budget but still stronger than the 2¼% national growth forecast by the RBA. Looking further ahead, economic forecasts for 2020-21 are largely unchanged since the Budget.

Key developments since the 2019-20 Budget

Since delivery of the 2019-20 Budget global and national economic conditions have continued to deteriorate, with several risks identified at Budget intensifying throughout the second half of 2019. Key developments include:

- The intensification of the US-China trade war has continued to adversely affect the Chinese economy and the outlook for its key Asian trading partners, along with Australia.
- A weaker outlook for industrial production growth has continued to impact the outlook for Queensland export growth.
- Trade flows of Queensland's major trading partners have declined, reflecting the deterioration in external conditions since the Budget was handed down.
- Reflecting the weaker national economy, the Reserve Bank of Australia (RBA) has reduced the cash rate three times since June 2019 to an all-time low of 0.75%.
- Continuing drought conditions are having a negative impact on agricultural exports and the conditions are seeing crop production forecasts remain lower than annual averages over the last decade.
- The International Monetary Fund (IMF) has downgraded international and national growth forecasts, and is forecasting annual economic growth of around 1.7% in 2019 for Australia, only slightly above annual population growth.
- Construction activity in Queensland continues to be supported by ongoing growth in domestic dwelling renovation activity.
- Global prices for coal and minerals have declined even though demand for Queensland's commodities has remained relatively stable since the delivery of the 2019-20 Budget.
- The Australian dollar has weakened against the US dollar.

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ECONOMIC OVERVIEW

Table 1: Queensland economic forecasts¹

	2018-19	2019-20		2020-21	
	Outcome	Budget	MYFER	Budget	MYFER
Gross state product ²	2.5	3	2½	2¾	2¾
Employment ³	1.5	1¼	1½	1½	1½
Unemployment rate ⁴	6.1	6	6¼	6	6
Inflation ³	1.6	2	2	2¼	2
Wage Price Index ³	2.3	2¼	2¼	2½	2½
Population ⁵	1.8	1¾	1¾	1¾	1¾

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. Chain volume measure, 2016-17 reference year
3. Annual percentage change, year-average.
4. Per cent, year-average
5. Population growth for 2018-19 is the annual growth rate in the three quarters to March quarter 2019.

Sources: ABS 3101.0, 6202.0, 6345.0, 6401.0 and Queensland Treasury.

External conditions

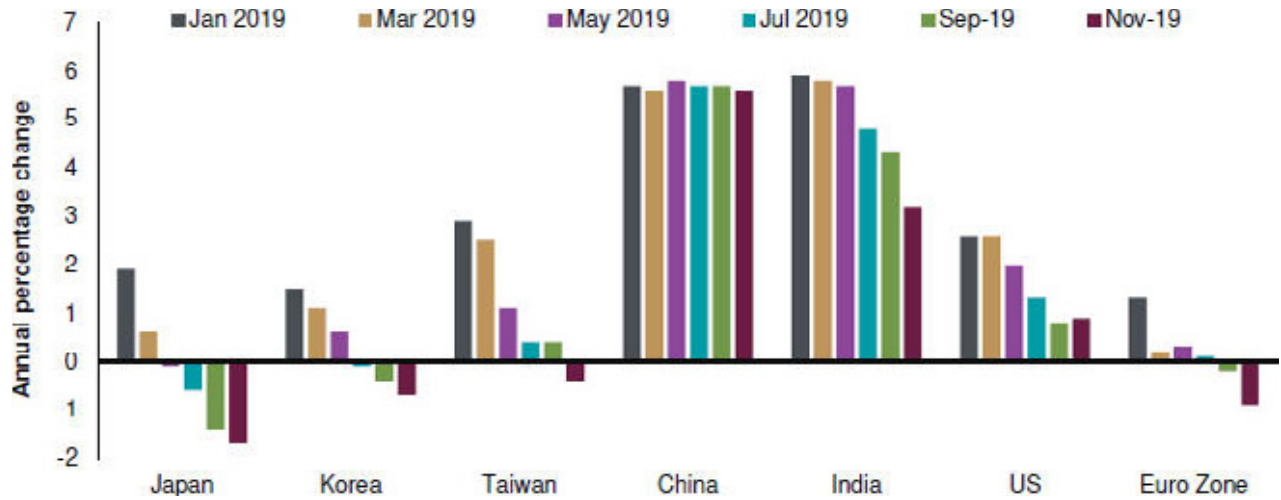
International

Protracted trade tensions have prompted a slowdown in the global economy, and Queensland and Australia are not immune from these global trends. Governments across the world have adopted more accommodative macroeconomic policies to buffer their economies against global headwinds and ongoing uncertainty.

In October 2019, the International Monetary Fund (IMF) World Economic Outlook noted that the pace of global economic activity remains subdued, after slowing sharply in the last three quarters of 2018. The IMF also acknowledged that a notable shift towards expansionary monetary policy has cushioned the impact of these tensions on financial market sentiment and activity, while a generally resilient service sector has supported employment growth. Nevertheless, the outlook remains precarious with global growth forecast to slow to 3.0% in 2019.

The subdued global outlook owes to a deterioration in international manufacturing activity and industrial production. The slowdown in industrial production growth over the year is expected to be the sharpest in several of Queensland's major trading partners, with industrial production forecast to contract in Japan, South Korea and Taiwan. Weaker industrial production has impacted on demand for and prices of Queensland's resource exports.

Chart 2: Industrial production forecast for 2019, by iteration



Source: Consensus Economics.

Increased tariffs and the slowdown in manufacturing activity have been reflected in weaker global trade. Trade flows have decreased in China, Japan and South Korea. Meanwhile, in the EU area, ongoing Brexit uncertainty and trade disputes with the US have further impacted sentiment, reflected in weaker growth and a softer outlook for investment and trade in the region.

Central banks around the globe have responded to these developments. China’s central bank introduced measures to reduce the bank reserve requirement and directed banks to relax lending requirements. Despite these measures, China’s industrial production growth has continued to moderate and China’s stock market has continued a downward trend. China’s growth has moderated to 6.0% over the year to September quarter 2019, after growing 6.6% in 2018 and 6.8% in 2017.

The US economic conditions remain mixed. While the unemployment rate of 3.5% is the equal lowest since 1969, jobs growth has slowed and wages growth has declined to 3.1% in November. The Federal Reserve has cut rates three times since July 2019 with the current target range for the federal funds rate at 1.50% to 1.75%. The US economy is facing the combined challenge of low rates, low growth and low inflation.

Importantly, the global slowdown has impacted on industrial commodity prices, with the prices of most industrial metals having declined over the year, except for some affected by specific supply issues. In particular, prices for both thermal and metallurgical coal have fallen substantially, while oil prices have been volatile due to a combination of supply factors and geopolitical uncertainties.

The global economy continues to remain soft and headwinds are forecast to continue presenting ongoing challenges for the national and local economies.

National economy

Since the Budget, Australian GDP growth has slowed to its lowest rate since the Global Financial Crisis.

The domestic economic slowdown has impacted on the budgets of all states and territories. The Australian dollar remains at around decade lows against the US dollar, providing some support to goods and services exports in otherwise challenging global trading conditions.

8 Mid-Year Fiscal and Economic Review 2019-20

ECONOMIC OVERVIEW

Interest rates are at record lows. The RBA has reduced the cash rate by 75 basis points since June 2019 to its current level of 0.75%. Over the past year, the RBA has also revised down its forecast for 2019-20 GDP growth by one percentage point, to 2¼%. The RBA has also noted that further reductions in interest rates may not be sufficient to stimulate economic growth, with RBA Governor Philip Lowe recently noting that, in a world of below-average economic growth, employment and inflation, that he “would hope other policy options were also on the country’s agenda.”

Ongoing weakness in retail trade outcomes suggest tax and interest rate cuts since Budget are yet to have a meaningful impact on consumer spending. Further, private investment has also been weaker than anticipated at Budget.

Residential property prices have stabilised, following falls over the year to June 2019, underpinned by robust population growth and lower interest rates. Nationally, new housing approvals are around 40% lower than their late-2017 highs. Consequently, housing construction across the country is forecast to remain subdued for the next 18 to 24 months.

A sustained lower Australian dollar and rising incomes in the Asian middle class are providing some support for Australia’s services exports, particularly through ongoing strength in tourism activity and overseas student enrolments. However, the benefits of the low Australian dollar have not fully offset the challenges created by the weakness in global trade and economic activity.

Queensland conditions

Economic growth in Queensland is now expected to be 2½% in 2019-20, slightly softer than the 3% growth forecast at the time of the 2019-20 Budget. Revisions to the economic growth rate in Queensland are in line with the size of downward revisions to Australia’s economic growth rate over the course of 2019.

Looking ahead, GSP growth is forecast to pick up to 2¾% in 2020-21 as domestic components of the economy gather some momentum, particularly with dwelling investment expected to recover after declining for three consecutive years.

Household consumption

Household consumption growth is expected to be slightly lower than anticipated at the time of the Budget, although the most recent national accounts data show that household consumption in Queensland over the past year grew faster than in any other state or territory.

Nevertheless, the level of household spending remains subdued as a result of lower household income growth and softer consumer sentiment. There is little evidence to suggest that record-low interest rates and federal income tax cuts have increased household consumption.

Dwelling investment

Continued caution by households has also resulted in the outlook for dwelling investment in 2019-20 being softer than at Budget. However, with apartment approvals appearing to have bottomed out, dwelling investment is expected to return to growth in 2020-21. Renovation activity is expected to continue to grow solidly, with households preferring to invest in their current homes in an uncertain environment.

Softer dwelling investment is also expected to weigh on related consumer spending on household goods and furnishings, contributing to the subdued outlook for consumption growth.

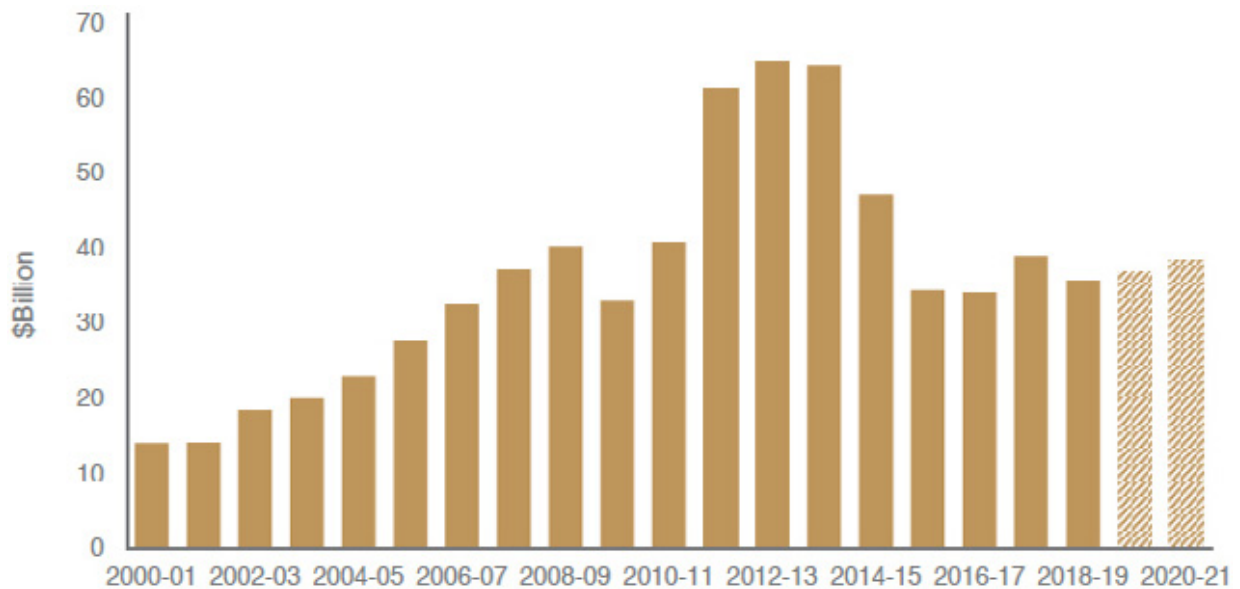
ECONOMIC OVERVIEW

Business investment

The outlook for business investment remains broadly in line with the modest growth anticipated at Budget, notwithstanding global trade tensions, uncertainty and ongoing drought.

Leading indicators of investment point to a strengthening of commercial construction. Machinery and equipment investment is also expected to continue its recent growth, supported by lower interest rates and capacity utilisation remaining at around its long-term average.

Chart 3: Queensland Business Investment¹



Note:

1. Chain volume measure, 2016-17 reference year, 2019-20 and 2020-21 are forecasts.

Source: Queensland Treasury.

Public final demand

Public final demand increased by 4.4% in 2018-19 and is forecast to continue to grow solidly in 2019-20 and 2020-21. The ongoing roll-out of the Queensland Government's capital works program, including a record spend on education facilities and investments in ports and export infrastructure, is expected to underpin ongoing solid growth in public final demand.

Overseas exports

As expected at the time of the Budget, the contribution of the trade sector remains broadly flat across 2019-20 and 2020-2021. Continued trade tensions and the adverse impacts of the current drought are providing ongoing challenges to the outlook for exports, and these are only partially offset by weaker growth in overseas imports. Conversely, a substantially lower Australian dollar is providing some support to exporters.

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ECONOMIC OVERVIEW

Coal

Demand for metallurgical coal has remained buoyant. However, spot prices have declined by around \$75 USD per tonne from \$221 USD per tonne at the end of 2018 to around \$140 USD per tonne in November 2019.

Queensland coal exports are forecast to grow modestly over the forward estimates period, but it is unlikely that prices will return to recent highs in the near term.

Trade pressures and subdued global growth have impacted global demand with spot thermal coal prices down by around 10% since Budget. Over the year to November 2019 spot thermal coal prices have fallen from over \$100 USD to around \$65 USD per tonne.

LNG

LNG export volumes have grown modestly, with higher export values driven primarily by higher prices combined with the lower Australian dollar.

Queensland LNG exports outstripped thermal coal exports in value over the last year, a trend that is set to continue as LNG continues to be the fastest-growing gas supply source globally.

Metals

The expected volume of base metal exports is largely unchanged from Budget. Queensland metal exports rose 11.8% in 2018-19, driven by zinc and lead exports as new mines commenced and Glencore operations restarted. Looking ahead, exports are forecast to grow further in 2019-20, mainly reflecting a strong increase in aluminium production due to the ramp up at Rio Tinto's Amrun mine.

Agricultural

The outlook for agriculture exports has weakened since the Budget. With below-average rainfall likely to persist in the short term, crop exports are expected to decline until 2020-21. Meanwhile, the recent reduction in the cattle herd as a result of the drought and the north Queensland floods will likely see graziers undertaking restocking when conditions improve, which may constrain beef production and exports for some time.

Services

Queensland exports of services remain strong, underpinned by overseas tourism and education exports. Total overseas services exports exceeded \$19 billion in 2018-19. Queensland tourism and education export revenue will continue to be supported by rising incomes in Asia as well as a competitive Australian dollar. However, there is volatility in many Asian markets which may impact demand in the short and medium term. The outlook for this sector remains largely unchanged since the time of the Budget, however it is not immune from a downturn should the weakness in the global economy intensify.

Offsetting some of the challenges faced by key export sectors, forecast growth in overseas imports is lower than at Budget, primarily reflecting more subdued consumption growth. As a result, this has helped mitigate the detraction of the trade sector from overall GSP growth.

ECONOMIC OVERVIEW

Labour market

Despite softer economic growth in 2019-20, employment has grown strongly in the first four months of the financial year, with jobs growth now forecast to reach 1½% in 2019-20, stronger than the 1¼% forecast at the time of the Budget.

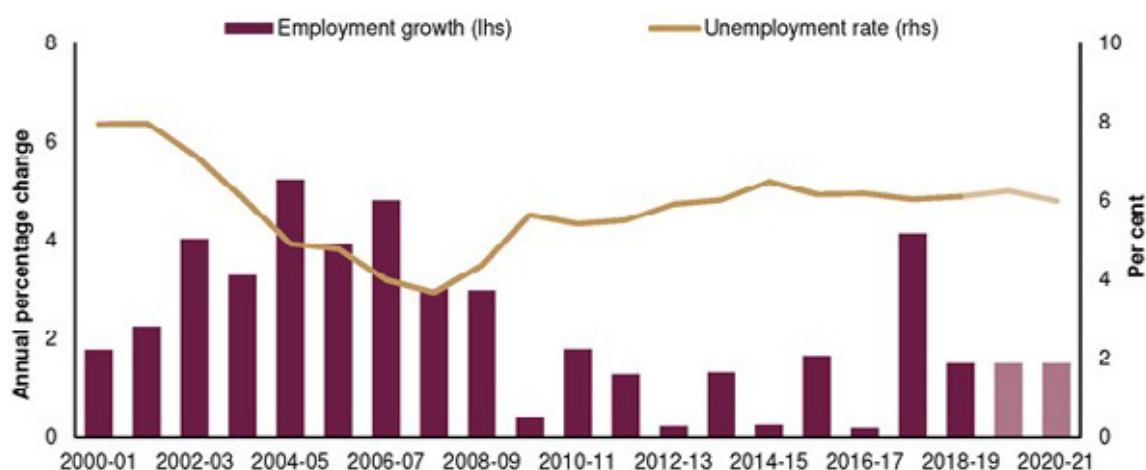
An increase in labour force participation to 66.1% of the working age population has accompanied the increase in employment growth, as more Queenslanders have been encouraged to enter or re-enter the labour force. As a result, the state’s unemployment rate is forecast to average 6¼% in 2019-20 before easing to 6% in 2020-21, in line with the Budget forecast.

Labour market conditions in regional Queensland have continued to converge with those in South East Queensland, with the gap between the regional and South East Queensland unemployment rates narrowing considerably, from 2.5 percentage points in mid-2016 to just 0.5 percentage points in October 2019.

Over the year to October 2019, key areas of regional Queensland have continued to record unemployment rates lower than in the south east corner, including Darling Downs-Maranoa (4.4%), Cairns (4.8%) and Mackay-Isaac-Whitsunday (5.6%). Further, strong domestic tourism conditions have continued to support positive labour market conditions in Queensland’s key tourism regions of Cairns, Gold Coast, Sunshine Coast and Brisbane.

Any upward pressure on wages is expected to be limited over the medium term, as outlined in the 2019-20 Budget. However, the ongoing modest consumer price inflation outlook means that wages are still expected to continue to grow in real terms over the forecast period.

Chart 4: Employment growth and unemployment rate, Queensland¹



Note:

1. Year-average. 2019-20 and 2020-21 are forecasts.

Sources: ABS 6202.0 and Queensland Treasury.

Risks to the outlook

Several external risks identified in the 2019-20 Budget remain current and global trade friction continues to negatively impact Queensland's major trading partners. This heightened uncertainty, including ongoing volatility in global and domestic share markets, may continue to dent business and consumer confidence.

Since the Budget, the US-China trade war has continued, with slowing growth in China increasing the risk that demand for key industrial commodities will be impaired.

The drought continues to impact the agriculture sector and the path to recovery in this sector remains uncertain despite global demand for Queensland's quality agricultural produce. Record low rainfall and above-average temperatures in some parts of the state continue to impact output across the agriculture sector.

On the upside, solid population growth, record low interest rates and the sustained low Australian dollar should help mitigate some of the impacts of key risks to the state's economy. Further, despite the global challenges, Queensland businesses continue to invest across the state, including in both mining related and renewable energy projects. The Government will continue to provide an environment that encourages and facilitates investment in all sectors of the economy.

FISCAL OVERVIEW

FISCAL OVERVIEW

The key fiscal aggregates of the General Government Sector are outlined in Table 3.

Table 3: General Government Sector – key fiscal aggregates¹

	2018-19 Actual ² \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue	59,834	60,387	59,914	61,715	63,366	65,194
Expenses	58,842	60,198	59,763	61,482	62,771	64,051
Net operating balance	992	189	151	234	595	1,142
PNFA ³	5,764	6,727	7,223	7,476	8,383	6,612
Fiscal balance	(2,191)	(3,527)	(4,068)	(4,633)	(4,597)	(1,815)
Borrowing with QTC⁴	29,468	32,781	31,774	34,772	40,092	43,111
Leases and similar arrangements ⁵	2,612	5,824	6,071	7,845	7,715	7,738
Securities and derivatives	121	122	121	121	121	121
Non-financial Public Sector						
Borrowing with QTC⁴	67,576	71,954	70,832	75,055	80,688	83,294
Leases and similar arrangements ⁵	2,612	6,217	6,481	8,220	8,054	8,040
Securities and derivatives	720	544	544	478	458	460

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent negative amounts.
2. Reflects published actuals.
3. PNFA: Purchases of non-financial assets.
4. Queensland Treasury Corporation.
5. This includes adoption of new accounting standard AASB 16 Leases.

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Net Operating Balance

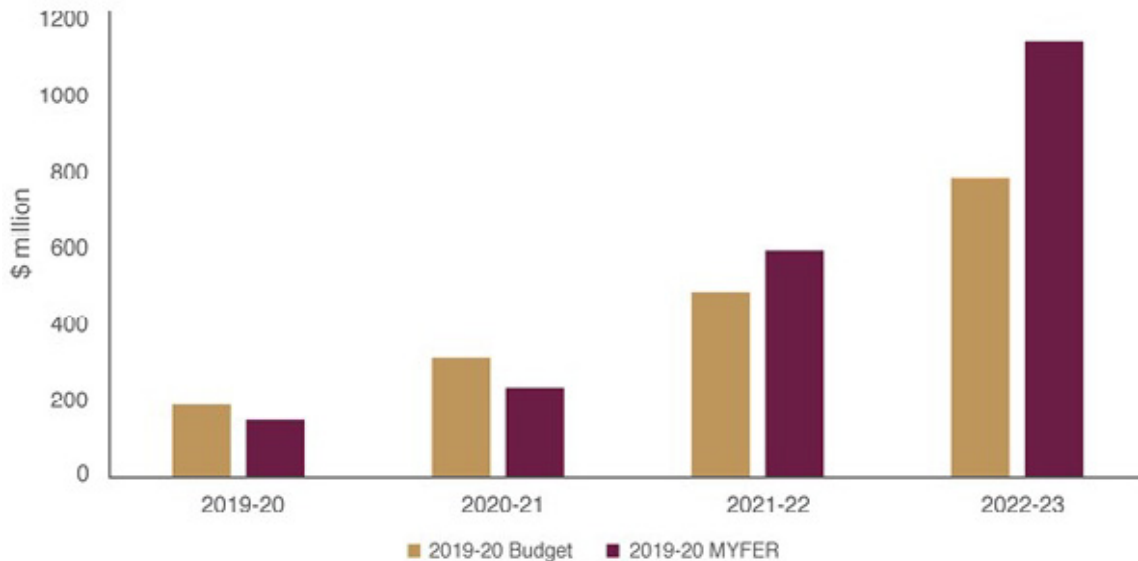
The General Government sector net operating surplus is \$151 million in 2019-20. As shown in Table 3, this is a reduction of \$38 million on the 2019-20 Budget estimated forecast surplus of \$189 million.

This position has prevailed in the face of a decline of \$677 million reduction in royalties and additional declines in the GST pool of \$202 million.

The Better Budget and Better Services program being implemented by the Service Priority Review Office has delivered reductions in expenses of \$1.365 billion over the forward estimates, which has buffered the State Budget against the shocks being felt in the national and local economy.

The reduction in forecast GST revenue and transfer duties identified in the 2019-20 Budget is expected to continue to negatively impact the net operating balance across the forward estimate period. The GST reduction reflects an ongoing downward revision to Queensland’s share of the national GST revenue pool by the Commonwealth Grants Commission.

Chart 5: Net operating balance 2019-20 to 2022-23



FISCAL OVERVIEW

Table 4 provides a breakdown of the movements in the net operating balance since the 2019-20 Budget.

Table 4: Reconciliation of net operating balance, 2019-20 Budget to 2019-20 MYFER¹

	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
2019-20 Budget Net operating balance	189	313	483	787
Royalty revisions	(677)	(222)	(108)	(128)
Taxation revisions	(18)	(43)	(46)	(50)
Change to net flows from PNFC and PFC entities	(49)	(197)	(172)	(155)
GST revisions	(202)	(212)	(190)	(220)
Other adjustments ²	908	595	628	908
2019-20 MYFER Net operating balance	151	234	595	1,142

Notes:

1. Numbers may not add due to rounding.
2. Includes changes in interest expenses, SPRO savings, depreciation, growth funding, swaps, deferrals and administered revenue, NDRRA net impacts, Australian Government funding revisions, additional policy measures.

Revenue

General Government revenue in 2019-20 is estimated to be \$59.914 billion, \$473 million (0.8%) less than the 2019-20 Budget estimate. Revenue forecasts over the forward estimates have been revised downwards by \$14 million in 2020-21, \$217 million in 2021-22 and \$347 million in 2022-23. This is due to a sharper than anticipated decline in coal prices in this financial year to the forecast price over the forward estimate period, along with downward revisions to GST revenue, tax collections and dividends.

Over the period 2019-20 to 2022-23, royalties have been revised down by \$1.135 billion, with revisions from 2020-21 onwards driven by lower coal prices and downward revisions to other mineral and petroleum royalties.

Land tax revenue has been revised down by \$291 million over the period 2019-20 to 2022-23, following consultation with industry regarding implementation of the Foreign Surcharge. The Queensland Government is committed to maintaining competitive taxation settings, and will establish guidelines, in consultation with stakeholders, that provide relief for commercial activities that make a significant contribution to the state economy. This will ensure Queensland continues to be an attractive destination for investment.

Compared to the 2019-20 Budget outlook, GST revenue is expected to be the lower by \$824 million across the period 2019-20 to 2022-23. Compared to the 2018-19 Budget, GST revenue is expected to be \$2.5 billion less than projected over the period to 2022-23. The GST revision reflects reductions in the expected size of the GST pool and changes in state circumstances, such as the downward revisions to Victoria and NSW transfer duty estimates.

Total revenues are expected to grow at an average of 2.2% over the four years to 2022-23, consistent with the 2019-20 Budget.

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Expenses

General Government expenses in 2019-20 are estimated to be \$59.763 billion, lower than in the 2019-20 Budget. The reduction is a result of the savings identified by the Service Priority Review Office better budget and better services savings, reduced interest expenses on borrowing with QTC as a result of lower interest rates and lower borrowings, partly offset by updated estimates of payments to the National Disability Insurance Agency reflecting the terms of the agreement recently reached with the Australian Government regarding transition to the National Disability Insurance Scheme.

Expenses over the next four years are expected to be lower than at the 2019-20 Budget and to decline in real per capita terms.

General Government expenses are estimated to grow at an average annual rate of 2.1% over the four years to 2022-23, compared with the 2.3% forecast in the 2019-20 Budget. Decreases in expenses over the four years reflect the Government's commitment to delivering services to the public in the most efficient and effective manner to ensure all Queenslanders are getting value for money.

The Government's ongoing commitment to putting downward pressure on electricity prices will continue to contribute to the net flows from Government Owned Corporations, including a \$49 million reduction in 2019-20.

Better budgets and better services

At the 2019-20 Budget, the government established a Service Priority Review Office (SPRO) in Queensland Treasury. Treasury is working in partnership with the Department of the Premier and Cabinet to drive the better budget outcomes to ensure Queenslanders continue to receive the best possible services and infrastructure.

The savings have offset revenue declines by reducing operating expenses resulting in savings of \$715 million in 2019-20 by:

- *Improving practices around the administration of Commonwealth taxes paid by state government entities*
- *Improving efficiency of cash management, leading to reduced borrowing costs*
- *Improving value for money across procurement by spending less on consultancies.*

To date we have realised savings of \$1.365 billion over the forward estimate period. These savings have been achieved without compromising frontline service delivery.

The program of work will continue to be implemented and savings will be used to offset any future deterioration in revenues or be returned to the budget to reduce borrowing requirements.

Better budgeting has also led to a reduction in interest expenses delivering \$140 million in savings to the budget.

FISCAL OVERVIEW

Emerging Fiscal Pressures

At any given time, issues with potentially significant fiscal impacts will exist. However, until they have been considered by Government and have formal agreements in place, uncertainty remains as to when these issues will impact the net operating balance. As a result, the below emerging fiscal pressures have not been included in the current fiscal estimates.

Health Funding - National Health Reform Agreement

Currently, the Australian Government is negotiating with State and Territory Governments on an Addendum to the National Health Reform Agreement, to take effect from 1 July 2020 to 30 June 2025. A number of issues remain unresolved, which risks undermining the integrity of the national funding model and the ability of jurisdictions to plan and manage health services. The Queensland Government is committed to working with all jurisdictions and the Australian Government to secure an agreement that restores confidence and predictability to national health funding and ensures the effectiveness and sustainability of the public hospital system.

Native Title Compensation Settlement

The Government has a potentially significant liability with respect to 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 provide some guidance for calculating native title compensation. At 31 October 2019, there were 141 native title determinations over approximately 30% of Queensland's total land area and a further 55 active claims for native title determination over a further 30% of the state. Any of the determinations may give rise to a native title compensation claim.

January 2011 flood events

In 2014, certain property owners commenced a class action making claims against the state, Seqwater and SunWater in respect of the January 2011 flood. On 29 November 2019, the Court found one plaintiff's claim in negligence established against all parties and addressed a series of questions that apply to members of the class but are not determinative of the outcome of their claims. The state is considering its legal options. Whilst the state and its entities do have their own insurance arrangements, at this stage, the state is not in a position to reliably estimate the financial implications of the judgement for the state and its entities.

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BALANCE SHEET

BALANCE SHEET

The Palaszczuk Government remains focused on delivering the services and infrastructure to meet the needs of a modern Queensland and its diverse communities. To achieve this, the Government continues to deliver on its revised \$51.8 billion capital program over four years to 2022-23.

The Government maintains its commitment to strong fiscal management while keeping income-generating assets in public hands and managing borrowings at sustainable levels. The cost of borrowings is at decade lows which has meant that borrowings from QTC in this financial year are \$1.007 billion lower than forecast.

The Queensland Future Fund – Planning for our future

The Palaszczuk Government is committed to delivering more jobs in more industries, in addition to building the infrastructure and providing the services Queenslanders need today and in the future. To support our current economic plan and, importantly, guarantee Queensland's future economic success, the government will establish the Queensland Future Fund.

The Queensland Future Fund will be seeded with an initial \$5 billion investment, \$2 billion redirected from the Government's existing debt retirement plan and a further \$3 billion invested from the surplus in the Defined Benefit fund. The Defined Benefit fund will continue to remain in surplus.

The interest and investment returns from the Future Fund will be quarantined and returned to the fund meaning it will grow over time to offset any borrowings. Withdrawals from the fund will only be used for paying down debt.

The Queensland Future Fund will be managed by our internationally renowned investment arm, Queensland Investment Corporation (QIC), who have been returning significant earnings back to the Queensland taxpayer for decades through the sound investment management of our fully funded Defined Benefits scheme.

The Fund, similar to the NSW Generations Fund, will be established under an Act of the Queensland Parliament, and will require that funds can only be used to pay down debt. These laws will also provide a new 100% guarantee of the state's future Defined Benefit liabilities, to provide strengthened protection in addition to other legislation already in place.

The Palaszczuk Government is delivering the jobs, infrastructure and services we need today but also ensuring we manage today's budget with an eye to the future and the generations of Queenslanders who will follow.

The establishment of the Queensland Future Fund will ensure our generation have put in place a long-term sustainable plan – guaranteed by law – to alleviate the debt burden on future generations of Queenslanders.

BALANCE SHEET

General Government sector

General Government Sector borrowings remain in line with forecasts made in the 2019-20 Budget. The Defined Benefit scheme remains in a sustainable surplus funding position as advised by the State Actuary.

The delivery of savings from activities within the Service Priority Review Office has assisted with providing a buffer from some of the impacts from the volatile external economic environment.

Queensland's growing population continues to increase the demand for public services and infrastructure. The Government's commitment to fiscally responsible capital investment will ensure that high-quality infrastructure continues to be delivered to Queenslanders, regardless of where they live. Forecast operating surpluses mean that the Government is not borrowing to fund ongoing operations, including the operating expenditure of health and education.

Non-Financial Public Sector

The Non-Financial Public Sector (NFPS) is the consolidation of the General Government and the Public Non-Financial Corporations Sectors, with transactions between these sectors eliminated.

NFPS borrowings are primarily held by Government Owned Corporations and are supported by income-generating assets including key pieces of economic infrastructure maintained in public ownership.

NFPS borrowings in 2019-20 are expected to be \$1.122 billion lower than anticipated in the 2019-20 Budget, notwithstanding the additional commitment to the capital program.

A new accounting standard, AASB 16 Leases, applies to public and private sectors in Australia from 1 July 2019. The new standard has impacted the accounting presentation of corporate and government accounts across Australia from July 2019. Previously, only finance leases were accounted for on balance sheet. Under the new standard, operating leases are also classified as borrowings for GFS purposes.

Capital Program

The total capital program over the four years to 2022-23 is estimated to be \$51.844 billion. This is the largest capital spend since the 2010-11 Budget. Large projects include Cross River Rail, upgrades to the Bruce Highway, commitment to the Gold Coast Light Rail Stage 3, regional roads such as the Smithfield Bypass and regional capacity in ports, the delivery of the Townsville Stadium, new high schools in Brisbane and additional investment in education facilities across the state.

General Government sector

The General Government capital program in 2019-20 is estimated to be \$10.211 billion, \$756 million higher than estimated in the 2019-20 Budget. This is largely due to cash flows in 2019-20 for work completed in the prior year and an increase in capital grants. Over the four years to 2022-23, the capital program comprises \$29.695 billion in purchases of non-financial assets, \$5.252 billion in capital grants and \$4.662 billion in finance leases representing a total capital program of \$39.608 billion, \$2.55 billion higher than estimated in the 2019-20 Budget.

Non-Financial Public Sector

Purchases of non-financial assets in the Non-Financial Public Sector are estimated to be \$10.727 billion in 2019-20, \$504 million higher than projected at the time of the 2019-20 Budget. Over the four years to 2022-23, purchases of non-financial assets are expected to be \$41.959 billion, with capital grants and finance leases expected to be \$5.212 billion and \$4.674 billion respectively, bring the total capital program to \$51.844 billion.

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INTERGOVERNMENTAL FINANCIAL RELATIONS

Payments for specific purposes

Payments from the Australian Government contribute to Queensland's ability to meet its current and future service delivery and infrastructure responsibilities. Unfortunately, the Australian Government continues to create uncertainty around these payments by seeking to impose unwarranted conditions, delaying advice on funding extensions or unilaterally changing the basis of payments, all which impacts Queensland's ability to plan and deliver critical services and infrastructure.

In recent years, funding agreements from the Australian Government have become increasingly prescriptive, with additional conditions—sometimes enshrined in Commonwealth legislation—attached to the receipt of funding. These arrangements reduce states' flexibility in the delivery of services and create inefficiencies and complexities in the way funding arrangements are being given effect.

The Australian Government recently agreed to fast-track spending on a host of road and rail projects across Queensland as most of the road and rail infrastructure spending announced in the federal budget was funded beyond the forward estimates. Queensland would welcome the Australian Government increasing its commitment to jointly funding the maintenance of existing assets, given the role they can continue to play in supporting Queenslanders for many decades to come.

General revenue assistance

The Commonwealth Grants Commission, responsible for recommending GST distribution to the Australian Government, is finalising a major review of its method, including all state revenue capacity and expenditure needs. The review report is due in early 2020. Any recommendations will impact Queensland's GST share from 2020-21 and will be implemented concurrently with the Australian Government's legislated changes to GST, introduced in November 2018. The Queensland Government supports a transparent and independent review process and is an active participant in the process.

GOVERNMENT FISCAL PRINCIPLES

GOVERNMENT FISCAL PRINCIPLES

The Government remains committed to its fiscal principles, which underpin the development of the state's fiscal strategy and financial decision-making.

Table 5: The fiscal principles of the Queensland Government

<u>Principle</u>	<u>Indicator</u>			
	General Government debt to revenue ratio			
	2019-20 Budget		2019-20 MYFER	
	%		%	
		Excludes AASB16 Impacts	Includes AASB16 Impacts	
Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio	2018-19	54	54	54
	2019-20	61	64	63
	2020-21	65	69	69
	2021-22	71	74	76
	2022-23	73	76	78
<i>Note: The debt to revenue ratio includes borrowings from QTC; leases and similar arrangements and securities and derivatives. Budget Paper 2 2019-20 was reported including and excluding the impact of AASB16 Leases. Going forward, the debt to revenue ratio will include AASB16 impacts.</i>				
		General Government net operating cashflows as a proportion of purchases of net investments in non-financial assets		
		2019-20 Budget		2019-20 MYFER
		%		%
Target net operating surpluses that ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	2018-19		79	106
	2019-20		60	56
	2020-21		64	56
	2021-22		55	49
	2022-23		70	64
		Non-financial Public Sector purchases of non-financial assets		
		2019-20 Budget		2019-20 MYFER
		(\$ million)		(\$ million)
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	2018-19		8,856	8,460
	2019-20		10,223	10,727
	2020-21		10,447	10,834
	2021-22		11,210	11,401
	2022-23		8,640	8,997
		General Government own-source revenue to GSP		
Maintain competitive taxation by ensuring that General Government sector own-source revenue remains at or below 8.5% as a proportion of nominal gross state product, on average, across the forward estimates				2019-20 Budget: 8.5%
				2019-20 MYFER: 8.5%
				Average across the forward estimates: 8.2%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice				As at the last actuarial review (as at 30 June 2018), accruing superannuation liabilities were fully funded. The WorkCover scheme was also fully funded as at 30 June 2019.
Maintain a sustainable public service by ensuring that overall growth in full-time equivalent (FTE) employees, on average over the forward estimates, does not exceed population growth				FTE growth
				Average across the forward estimates: 1.7%
				Population growth
				Average across the forward estimates: 1¾%

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

A primary fiscal focus for the Government is managing the debt of the General Government sector and servicing this debt from within the General Government sector through tax revenue, charges and royalties. Targeting ongoing reductions in the debt to revenue ratio enables the Government to improve the state’s fiscal sustainability.

The General Government sector’s debt to revenue ratio has fallen substantially from a peak of 91% in 2012-13 to 63% in the 2019-20 MYFER, which is slightly lower than forecast at the 2019-20 Budget.

As outlined in the 2019-20 Budget Paper 2, AASB 16 Leases, applies to all government and private sector reporting entities. This means operating leases that previously were not recognised on the balance sheet are included as lease liabilities and lease assets. There is no material change to the state’s underlying financial sustainability.

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 actual outcome in 2018-19 demonstrates that new capital investment was funded from recurrent revenues in that year. Across the forward estimates, more than half of the General Government sector’s capital investment is expected to be funded from net operating cashflows.

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 2019-20 MYFER sees Non-Financial Public Sector purchases of non-financial assets (capital purchases) increase from \$8.46 billion in 2018-19 to \$10.727 billion in 2019-20. Capital purchases over the next three years (2020-21 to 2022-23) average \$10.5 billion per annum.

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

General Government own-source revenue is forecast to be 8.5% of nominal gross state product (GSP) in 2019-20 and an average of 8.2% across the forward estimates. This ensures the Government’s revenue efforts do not constrain economic activity or place undue burden on households. Tax revenue will remain below the ten-year peak of 4.3% of GSP observed in 2014-15.

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

Consistent with the long-standing practice of successive governments, the Palaszczuk Government is committed to ensuring the state sets aside assets, on an actuarially determined basis, to meet long term liabilities such as superannuation and WorkCover.

The latest full actuarial review of the QSuper scheme, as at 30 June 2018 found the scheme to be fully funded. WorkCover is also fully funded as at 30 June 2019.

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

Across the forward estimates, average growth in full-time equivalent employees is 1.7%, in line with expected population growth.

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Table 6: General Government Sector Operating Statement¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue from Transactions						
Taxation revenue	14,165	15,164	15,145	15,735	16,555	17,474
Grants revenue	28,307	28,003	28,261	30,241	30,797	31,413
Sales of goods and services	5,789	6,004	6,107	6,290	6,355	6,427
Interest income	2,191	2,141	2,047	1,986	1,929	1,933
Dividend and income tax equivalent income	2,786	2,237	2,187	1,446	1,483	1,673
Other revenue	6,596	6,837	6,167	6,018	6,247	6,274
Total Revenue from Transactions	59,834	60,387	59,914	61,715	63,366	65,194
<i>Less</i> Expenses from Transactions						
Employee expenses	24,019	25,396	25,511	25,788	26,774	27,804
Superannuation expenses						
Superannuation interest cost	642	516	346	273	329	375
Other superannuation expenses	3,012	3,093	3,097	3,167	3,217	3,254
Other operating expenses	16,490	15,790	15,176	15,816	16,255	16,453
Depreciation and amortisation	3,451	3,961	3,951	4,088	4,223	4,325
Other interest expenses	1,581	1,688	1,544	1,637	1,687	1,705
Grants expenses	9,647	9,754	10,139	10,712	10,287	10,134
Total Expenses from Transactions	58,842	60,198	59,763	61,482	62,771	64,051
<i>Equals</i> Net Operating Balance	992	189	151	234	595	1,142
<i>Plus</i> Other economic flows - included in operating result	(819)	16	(275)	31	160	260
<i>Equals</i> Operating Result	173	204	(124)	265	755	1,402
<i>Plus</i> Other economic flows - other movements in equity	5,624	2,495	424	3,084	3,078	3,406
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	5,796	2,699	300	3,349	3,833	4,808
KEY FISCAL AGGREGATES						
Net Operating Balance	992	189	151	234	595	1,142
<i>Less</i> Net Acquisition of Non-financial Assets						
Purchases of non-financial assets	5,764	6,727	7,223	7,476	8,383	6,612
<i>Less</i> Sales of non-financial assets	312	305	306	254	259	253
<i>Less</i> Depreciation	3,451	3,961	3,951	4,088	4,223	4,325
<i>Plus</i> Change in inventories	61	17	19	32	(3)	(11)
<i>Plus</i> Other movements in non-financial assets	1,121	1,238	1,234	1,701	1,293	935
<i>Equals</i> Total Net Acquisition of Non-financial Assets	3,182	3,716	4,219	4,867	5,192	2,958
<i>Equals</i> Fiscal Balance	(2,191)	(3,527)	(4,068)	(4,633)	(4,597)	(1,815)

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 7: Public Non-financial Corporations Sector Operating Statement¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue from Transactions						
Grants revenue	605	588	589	500	503	487
Sales of goods and services	13,060	11,981	11,940	11,570	11,898	12,489
Interest income	80	55	82	81	85	91
Dividend and income tax equivalent income	13	13	13	13	13	13
Other revenue	497	474	428	345	340	358
Total Revenue from Transactions	14,256	13,111	13,051	12,510	12,838	13,438
<i>Less</i> Expenses from Transactions						
Employee expenses	1,877	2,152	2,146	2,163	2,190	2,231
Superannuation expenses						
Superannuation interest cost	(12)	—	—	—	—	—
Other superannuation expenses	223	216	216	222	226	231
Other operating expenses	5,080	3,998	3,914	3,973	3,959	4,183
Depreciation and amortisation	2,585	2,857	2,830	2,877	2,954	2,960
Other interest expenses	1,860	1,847	1,846	1,828	1,817	1,794
Grants expenses	26	17	17	18	18	19
Other property expenses	948	724	722	504	499	547
Total Expenses from Transactions	12,587	11,811	11,690	11,584	11,663	11,965
<i>Equals</i> Net Operating Balance	1,669	1,300	1,361	926	1,175	1,473
<i>Plus</i> Other economic flows - included in operating result	179	7	(26)	(63)	(123)	(330)
<i>Equals</i> Operating Result	1,848	1,307	1,335	863	1,052	1,143
<i>Plus</i> Other economic flows - other movements in equity	(1,116)	(823)	(642)	(109)	(439)	(564)
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	732	484	693	753	613	579
KEY FISCAL AGGREGATES						
Net Operating Balance	1,669	1,300	1,361	926	1,175	1,473
<i>Less</i> Net Acquisition of Non-financial Assets						
Purchases of non-financial assets	2,687	3,496	3,504	3,358	3,018	2,384
<i>Less</i> Sales of non-financial assets	33	21	22	5	1	5
<i>Less</i> Depreciation	2,585	2,857	2,830	2,877	2,954	2,960
<i>Plus</i> Change in inventories	29	(2)	(2)	(5)	0	5
<i>Plus</i> Other movements in non-financial assets	100	71	75	87	90	96
<i>Equals</i> Total Net Acquisition of Non-financial Assets	198	687	724	558	153	(479)
<i>Equals</i> Fiscal Balance	1,471	613	637	368	1,022	1,952

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 8: Non-financial Public Sector Operating Statement¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Revenue from Transactions						
Taxation revenue	13,876	14,867	14,849	15,414	16,209	17,111
Grants revenue	28,338	28,028	28,288	30,271	30,826	31,443
Sales of goods and services	16,684	15,845	15,945	15,593	15,878	16,558
Interest income	2,219	2,160	2,089	2,028	1,970	1,974
Dividend and income tax equivalent income	160	164	164	171	192	211
Other revenue	7,057	7,207	6,489	6,043	6,215	6,369
Total Revenue from Transactions	68,334	68,272	67,823	69,520	71,290	73,665
<i>Less</i> Expenses from Transactions						
Employee expenses	25,786	27,430	27,537	27,829	28,839	29,909
Superannuation expenses						
Superannuation interest cost	630	516	346	273	329	375
Other superannuation expenses	3,235	3,309	3,313	3,389	3,443	3,485
Other operating expenses	19,349	17,539	16,877	17,199	17,463	18,012
Depreciation and amortisation	6,036	6,818	6,781	6,965	7,177	7,286
Other interest expenses	3,233	3,330	3,182	3,238	3,248	3,222
Grants expenses	9,098	9,208	9,594	10,257	9,830	9,693
Total Expenses from Transactions	67,367	68,148	67,629	69,149	70,329	71,982
<i>Equals</i> Net Operating Balance	967	124	194	372	962	1,683
<i>Plus</i> Other economic flows - included in operating result	(742)	(183)	(397)	(162)	(188)	(346)
<i>Equals</i> Operating Result	225	(60)	(203)	210	773	1,336
<i>Plus</i> Other economic flows - other movements in equity	5,570	2,759	503	3,139	3,059	3,472
<i>Equals</i> Comprehensive Result - Total Change In Net Worth	5,795	2,699	300	3,349	3,833	4,808
KEY FISCAL AGGREGATES						
Net Operating Balance	967	124	194	372	962	1,683
<i>Less</i> Net Acquisition of Non-financial Assets						
Purchases of non-financial assets	8,460	10,223	10,727	10,834	11,401	8,997
<i>Less</i> Sales of non-financial assets	345	326	329	259	260	257
<i>Less</i> Depreciation	6,036	6,818	6,781	6,965	7,177	7,286
<i>Plus</i> Change in inventories	90	15	16	27	(3)	(6)
<i>Plus</i> Other movements in non-financial assets	1,221	1,309	1,309	1,788	1,383	1,031
<i>Equals</i> Total Net Acquisition of Non-financial Assets	3,390	4,403	4,943	5,425	5,345	2,479
<i>Equals</i> Fiscal Balance	(2,422)	(4,279)	(4,749)	(5,053)	(4,383)	(796)

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

UNIFORM PRESENTATION FRAMEWORK

Table 9: General Government Sector Balance Sheet¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Assets						
Financial Assets						
Cash and deposits	1,868	407	532	438	445	454
Advances paid	667	620	611	620	644	666
Investments, loans and placements	32,557	31,318	31,504	30,523	30,373	30,180
Receivables	4,503	4,019	3,887	3,390	3,695	4,533
Equity						
Investments in other public sector entities	23,049	24,435	23,741	24,495	25,108	25,687
Investments - other	150	147	146	146	146	146
Total Financial Assets	62,793	60,945	60,421	59,612	60,411	61,666
Non-financial Assets						
Land and other fixed assets	211,257	212,382	219,005	225,565	231,992	236,368
Other non-financial assets	6,700	6,874	6,916	7,133	7,156	7,236
Total Non-financial Assets	217,957	219,256	225,921	232,698	239,149	243,605
Total Assets	280,750	280,202	286,342	292,311	299,559	305,271
Liabilities						
Payables	5,142	4,148	4,938	5,009	5,069	5,122
Superannuation liability	26,986	25,567	27,686	25,820	23,982	21,710
Other employee benefits	7,428	7,177	7,670	7,753	7,899	7,994
Deposits held	—	2	—	—	—	—
Advances received	2,692	1,616	1,710	1,455	1,485	1,584
Borrowing with QTC	29,468	32,781	31,774	34,772	40,092	43,111
Leases and other similar arrangements	2,612	5,824	6,071	7,845	7,715	7,738
Securities and derivatives	121	122	121	121	121	121
Other liabilities	4,796	4,068	4,566	4,382	4,211	4,096
Total Liabilities	79,246	81,306	84,537	87,157	90,573	91,476
Net Worth	201,505	198,896	201,805	205,154	208,986	213,795
Net Financial Worth	(16,452)	(20,361)	(24,116)	(27,545)	(30,162)	(29,810)
Net Financial Liabilities	39,501	44,796	47,858	52,039	55,270	55,497
Net Debt	(198)	8,001	7,030	12,611	17,951	21,254

Notes:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

UNIFORM PRESENTATION FRAMEWORK

Table 10: Public Non-financial Corporations Sector Balance Sheet¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Assets						
Financial Assets						
Cash and deposits	704	697	873	1,065	1,165	1,398
Advances paid	2,268	1,327	1,398	1,210	1,288	1,436
Investments, loans and placements	642	469	547	521	525	537
Receivables	1,874	1,601	1,799	1,792	1,824	1,871
Equity						
Investments - other	297	250	297	297	297	297
Total Financial Assets	5,784	4,345	4,913	4,885	5,098	5,538
Non-financial Assets						
Land and other fixed assets	63,530	65,791	65,412	66,767	67,758	67,976
Other non-financial assets	893	1,220	921	920	872	875
Total Non-financial Assets	64,423	67,011	66,333	67,687	68,629	68,851
Total Assets	70,207	71,356	71,246	72,571	73,728	74,389
Liabilities						
Payables	3,395	2,695	2,590	1,970	2,188	2,567
Superannuation liability	(263)	(368)	(263)	(263)	(263)	(263)
Other employee benefits	830	742	826	838	852	867
Deposits held	14	17	15	15	15	15
Advances received	6	5	6	5	4	3
Borrowing with QTC	38,108	39,173	39,057	40,283	40,597	40,184
Leases and other similar arrangements	—	392	410	375	338	302
Securities and derivatives	599	422	423	357	337	339
Other liabilities	7,880	7,922	7,852	7,909	7,962	8,100
Total Liabilities	50,570	51,000	50,916	51,488	52,030	52,113
Net Worth	19,637	20,356	20,331	21,084	21,697	22,276
Net Financial Worth	(44,786)	(46,655)	(46,003)	(46,603)	(46,932)	(46,575)
Net Debt	35,114	37,516	37,093	38,239	38,314	37,473

Notes:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 11: Non-financial Public Sector Balance Sheet¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Assets						
Financial Assets						
Cash and deposits	2,571	1,104	1,405	1,504	1,610	1,852
Advances paid	661	615	606	615	640	662
Investments, loans and placements	33,199	31,787	32,051	31,044	30,898	30,718
Receivables	4,247	4,008	4,145	4,225	4,386	4,964
Equity						
Investments in other public sector entities	3,412	4,080	3,412	3,412	3,412	3,412
Investments - other	446	397	442	442	442	442
Total Financial Assets	44,536	41,991	42,060	41,242	41,388	42,049
Non-financial Assets						
Land and other fixed assets	274,787	278,173	284,416	292,331	299,749	304,344
Other non-financial assets	992	1,300	1,146	1,250	1,089	931
Total Non-financial Assets	275,779	279,473	285,562	293,581	300,839	305,276
Total Assets	320,315	321,463	327,622	334,823	342,227	347,325
Liabilities						
Payables	6,438	5,259	6,018	6,053	6,156	6,281
Superannuation liability	26,723	25,199	27,423	25,557	23,718	21,447
Other employee benefits	8,259	7,920	8,497	8,591	8,752	8,860
Deposits held	14	19	15	15	15	15
Advances received	424	289	313	245	197	148
Borrowing with QTC	67,576	71,954	70,832	75,055	80,688	83,294
Leases and other similar arrangements	2,612	6,217	6,481	8,220	8,054	8,040
Securities and derivatives	720	544	544	478	458	460
Other liabilities	6,045	5,168	5,696	5,456	5,203	4,983
Total Liabilities	118,810	122,568	125,817	129,670	133,241	133,530
Net Worth	201,504	198,896	201,805	205,154	208,986	213,795
Net Financial Worth	(74,274)	(80,577)	(83,757)	(88,428)	(91,852)	(91,481)
Net Financial Liabilities	77,686	84,657	87,169	91,839	95,264	94,892
Net Debt	34,916	45,517	44,123	50,851	56,264	58,726

Notes:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 12: General Government Sector Cash Flow Statement¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Cash Receipts from Operating Activities						
Taxes received	14,127	15,162	15,144	15,733	16,553	17,473
Grants and subsidies received	28,572	28,000	28,259	30,242	30,783	30,997
Sales of goods and services	6,027	6,294	6,410	6,534	6,599	6,675
Interest receipts	2,173	2,139	2,044	1,983	1,927	1,931
Dividends and income tax equivalents	3,027	2,565	2,781	2,023	1,359	1,446
Other receipts	8,034	8,226	7,635	7,368	7,646	7,629
Total Operating Receipts	61,959	62,386	62,273	63,884	64,868	66,150
Cash Payments for Operating Activities						
Payments for employees	(27,348)	(29,080)	(29,309)	(29,574)	(30,683)	(31,861)
Payments for goods and services	(17,898)	(18,153)	(17,599)	(18,038)	(18,402)	(18,567)
Grants and subsidies	(9,391)	(9,649)	(9,992)	(10,625)	(10,242)	(10,014)
Interest paid	(1,568)	(1,669)	(1,526)	(1,581)	(1,593)	(1,608)
Total Operating Payments	(56,206)	(58,550)	(58,425)	(59,819)	(60,920)	(62,050)
Net Cash Inflows from Operating Activities	5,754	3,836	3,848	4,065	3,948	4,100
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(5,764)	(6,727)	(7,223)	(7,476)	(8,383)	(6,612)
Sales of non-financial assets	312	305	306	254	259	253
Net Cash Flows from Investments in Non-financial Assets	(5,452)	(6,422)	(6,917)	(7,222)	(8,124)	(6,360)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(158)	28	(101)	(125)	126	116
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	918	3,611	3,331	3,232	148	190
Receipts from Financing Activities						
Advances received (net)	(56)	(651)	(980)	(252)	32	102
Borrowing (net)	(440)	(486)	(517)	208	3,877	1,861
Net Cash Flows from Financing Activities	(497)	(1,137)	(1,497)	(44)	3,909	1,963
Net Increase/(Decrease) in Cash held	566	(85)	(1,336)	(93)	7	9
Net cash from operating activities	5,754	3,836	3,848	4,065	3,948	4,100
Net cash flows from investments in non-financial assets	(5,452)	(6,422)	(6,917)	(7,222)	(8,124)	(6,360)
Surplus/(Deficit)	302	(2,586)	(3,069)	(3,157)	(4,176)	(2,260)
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	302	(2,586)	(3,069)	(3,157)	(4,176)	(2,260)
Acquisitions under finance leases and similar arrangements	(955)	(1,119)	(1,162)	(1,551)	(1,117)	(832)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(653)	(3,705)	(4,231)	(4,708)	(5,293)	(3,091)

Note:

1. Numbers may not add due to rounding and bracketed numbers represent negative amounts.

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Table 13: Public Non-financial Corporations Sector Cash Flow Statement¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Cash Receipts from Operating Activities						
Grants and subsidies received	610	572	527	479	488	472
Sales of goods and services	15,010	13,130	13,665	13,207	13,514	14,138
Interest receipts	80	56	83	81	84	91
Dividends and income tax equivalents	13	13	13	13	13	13
Other receipts	395	486	360	261	251	265
Total Operating Receipts	16,110	14,257	14,647	14,041	14,351	14,979
Cash Payments for Operating Activities						
Payments for employees	(2,032)	(2,344)	(2,366)	(2,371)	(2,400)	(2,448)
Payments for goods and services	(6,393)	(4,801)	(5,301)	(5,356)	(5,323)	(5,531)
Grants and subsidies	(266)	(233)	(233)	(46)	(18)	(19)
Interest paid	(1,856)	(1,833)	(1,833)	(1,825)	(1,814)	(1,792)
Other payments	(1,487)	(1,313)	(1,402)	(1,041)	(909)	(1,002)
Total Operating Payments	(12,035)	(10,525)	(11,135)	(10,638)	(10,464)	(10,792)
Net Cash Inflows from Operating Activities	4,074	3,732	3,512	3,403	3,886	4,187
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(2,687)	(3,496)	(3,504)	(3,358)	(3,018)	(2,384)
Sales of non-financial assets	33	21	22	5	1	5
Net Cash Flows from Investments in Non-financial Assets	(2,654)	(3,475)	(3,481)	(3,353)	(3,017)	(2,380)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	22	436	775	58	(253)	(344)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	77	(12)	(19)	(12)	(13)	(14)
Receipts from Financing Activities						
Advances received (net)	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	411	925	907	1,177	264	(462)
Dividends paid	(1,849)	(1,633)	(1,772)	(1,319)	(788)	(808)
Deposits received (net)	(1)	—	1	—	—	—
Other financing (net)	44	125	247	240	20	55
Net Cash Flows from Financing Activities	(1,397)	(583)	(617)	97	(504)	(1,216)
Net Increase/(Decrease) in Cash held	123	97	169	192	100	233
Net cash from operating activities	4,074	3,732	3,512	3,403	3,886	4,187
Net cash flows from investments in non-financial assets	(2,654)	(3,475)	(3,481)	(3,353)	(3,017)	(2,380)
Dividends paid	(1,849)	(1,633)	(1,772)	(1,319)	(788)	(808)
Surplus/(Deficit)	(429)	(1,376)	(1,741)	(1,270)	82	999
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	(429)	(1,376)	(1,741)	(1,270)	82	999
Acquisitions under finance leases and similar arrangements	—	—	(5)	(2)	(2)	(4)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(429)	(1,376)	(1,745)	(1,272)	80	995

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

UNIFORM PRESENTATION FRAMEWORK

Table 14: Non-financial Public Sector Cash Flow Statement¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Cash Receipts from Operating Activities						
Taxes received	13,842	14,866	14,848	15,413	16,208	17,110
Grants and subsidies received	28,602	28,008	28,224	30,250	30,798	31,012
Sales of goods and services	18,882	16,728	17,603	17,102	17,360	18,071
Interest receipts	2,202	2,157	2,086	2,026	1,968	1,971
Dividends and income tax equivalents	326	154	156	166	180	198
Other receipts	8,418	8,602	7,884	7,310	7,525	7,632
Total Operating Receipts	72,272	70,517	70,801	72,267	74,038	75,994
Cash Payments for Operating Activities						
Payments for employees	(29,270)	(31,304)	(31,555)	(31,823)	(32,959)	(34,183)
Payments for goods and services	(22,084)	(20,143)	(20,309)	(20,434)	(20,597)	(21,092)
Grants and subsidies	(9,078)	(9,318)	(9,663)	(10,198)	(9,785)	(9,573)
Interest paid	(3,220)	(3,297)	(3,150)	(3,179)	(3,152)	(3,125)
Other payments	(627)	(518)	(535)	(485)	(499)	(543)
Total Operating Payments	(64,278)	(64,582)	(65,213)	(66,119)	(66,991)	(68,515)
Net Cash Inflows from Operating Activities	7,994	5,935	5,589	6,149	7,046	7,479
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(8,460)	(10,223)	(10,727)	(10,834)	(11,401)	(8,997)
Sales of non-financial assets	345	326	329	259	260	257
Net Cash Flows from Investments in Non-financial Assets	(8,115)	(9,897)	(10,398)	(10,575)	(11,141)	(8,739)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	(51)	46	50	(16)	(30)	(26)
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	996	3,599	3,311	3,220	135	176
Receipts from Financing Activities						
Advances received (net)	(40)	(109)	(109)	(65)	(46)	(46)
Borrowing (net)	(30)	439	390	1,385	4,141	1,399
Deposits received (net)	(1)	—	1	—	—	—
Other financing (net)	(64)	—	—	—	—	—
Net Cash Flows from Financing Activities	(135)	330	282	1,321	4,095	1,353
Net Increase/(Decrease) in Cash held	688	13	(1,167)	99	106	242
Net cash from operating activities	7,994	5,935	5,589	6,149	7,046	7,479
Net cash flows from investments in non-financial assets	(8,115)	(9,897)	(10,398)	(10,575)	(11,141)	(8,739)
Surplus/(Deficit)	(121)	(3,962)	(4,810)	(4,426)	(4,095)	(1,261)
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	(121)	(3,962)	(4,810)	(4,426)	(4,095)	(1,261)
Acquisitions under finance leases and similar arrangements	(955)	(1,119)	(1,167)	(1,553)	(1,118)	(835)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	(1,076)	(5,081)	(5,976)	(5,980)	(5,213)	(2,096)

Note:

- Numbers may not add due to rounding and bracketed numbers represent negative amounts.

TAXATION AND ROYALTY REVENUE ASSUMPTIONS

TAXATION AND ROYALTY REVENUE ASSUMPTIONS

Table 15: Taxation and royalty revenue¹

	2018-19 Actual \$ million	2019-20 Budget \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
Payroll tax	4,160	4,284	4,321	4,475	4,770	5,150
Transfer duty	3,195	3,038	3,053	3,205	3,383	3,578
Other duties	1,549	1,624	1,617	1,696	1,779	1,866
Gambling taxes and levies	1,333	1,410	1,414	1,467	1,523	1,582
Land tax	1,334	1,589	1,519	1,598	1,670	1,732
Motor vehicle registration	1,850	1,908	1,910	1,973	2,044	2,116
Other taxes	744	1,310	1,312	1,321	1,386	1,450
Total taxation revenue	14,163	15,164	15,145	15,735	16,555	17,474
Royalties						
Coal	4,372	4,339	3,696	3,304	3,439	3,511
Petroleum ²	454	577	549	591	596	610
Other royalties ³	393	538	531	483	484	495
Land rents	159	168	168	169	172	174
Total royalties and land rents	5,378	5,621	4,944	4,548	4,691	4,789

Notes:

1. Numbers may not add due to rounding.
2. Includes impact of liquefied natural gas (LNG).
3. Includes base and precious metal and other mineral royalties.

Table 16: Royalty assumptions

	2019-20 MYFER	2020-21 Projection	2021-22 Projection	2022-23 Projection
Tonnages – crown export ¹ coal (Mt)	216	224	228	236
Exchange rate \$US per \$A ²	0.67	0.68	0.70	0.71
Year average coal prices (\$US per tonne)³				
Hard coking	156	143	145	145
Semi-soft	110	106	109	109
Thermal	90	78	83	83
Year average oil price				
Brent (\$US per barrel)	65	64	66	66

Notes:

1. Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties. 2019-20 estimate for domestic coal volume is approximately 25.7 Mt and private coal is 9.4 Mt.
2. Year average.
3. Price for highest quality coking and thermal coal. Lower quality coal can be sold below this price with the indicative average prices for 2019-20 as follows: Hard coking US\$136 per tonne and thermal US\$72 per tonne.
4. Published Brent oil prices are lagged by one quarter to better align with royalty revenue.

KEY FISCAL AGGREGATES

KEY FISCAL AGGREGATES

Table 17: Key Fiscal Aggregates¹

	2011-12 Actual ² \$ million	2012-13 Actual ² \$ million	2013-14 Actual ² \$ million	2014-15 Actual ² \$ million	2015-16 Actual ² \$ million	2016-17 Actual ² \$ million	2017-18 Actual ² \$ million	2018-19 Actual ² \$ million	2019-20 MYFER \$ million	2020-21 Projection \$ million	2021-22 Projection \$ million	2022-23 Projection \$ million
General Government												
Total revenue	45,801	41,755	46,705	49,970	50,780	56,194	58,087	59,834	59,914	61,715	63,366	65,194
Tax revenue	10,608	10,937	11,840	12,598	12,547	12,919	13,244	14,165	15,145	15,735	16,555	17,474
Total expenses	46,028	46,313	46,217	49,551	50,112	53,369	56,337	58,842	59,763	61,482	62,771	64,051
Employee expenses	18,250	18,130	17,816	18,592	20,045	21,258	22,681	24,019	25,511	25,788	26,774	27,804
Net operating balance	(226)	(4,558)	488	420	668	2,825	1,750	992	151	234	595	1,142
Capital purchases	7,971	7,001	6,323	4,635	4,044	4,620	5,126	5,764	7,223	7,476	8,383	6,612
Net capital purchases	5,241	3,387	3,085	996	1,163	2,265	2,337	3,182	4,219	4,867	5,192	2,958
Fiscal balance	(5,467)	(7,944)	(2,597)	(576)	(495)	560	(587)	(2,191)	(4,068)	(4,633)	(4,597)	(1,815)
Borrowings with QTC	28,391	36,508	39,864	41,343	34,200	31,358	29,256	29,468	31,774	34,772	40,092	43,111
Leases and similar arrangements	1,126	1,370	1,503	1,761	1,286	1,882	2,142	2,612	6,071	7,845	7,715	7,738
Securities and Derivatives	1	1	1	(0)	(0)	(0)	122	121	121	121	121	121
Net debt	(5,720)	2,466	5,208	5,749	654	(355)	(509)	(198)	7,030	12,611	17,951	21,254
Non-Financial Public Sector												
Total revenue	52,307	49,181	53,502	56,178	57,393	64,855	66,164	68,334	67,823	69,520	71,290	73,665
Capital purchases	11,980	10,774	9,313	7,811	6,852	7,291	7,643	8,460	10,727	10,834	11,401	8,997
Borrowings with QTC	60,205	67,116	70,668	73,256	71,160	69,107	66,964	67,576	70,832	75,055	80,688	83,294
Leases and similar arrangements	1,127	1,559	1,752	1,802	1,316	1,882	2,142	2,612	6,481	8,220	8,054	8,040
Securities and Derivatives	210	411	216	175	446	895	405	720	544	478	458	460

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.

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KEY FISCAL AGGREGATES

Table 18: Key Fiscal Indicators¹

	2011-12 Actual ² %	2012-13 Actual ² %	2013-14 Actual ² %	2014-15 Actual ² %	2015-16 Actual ² %	2016-17 Actual ² %	2017-18 Actual ² %	2018-19 Actual ² %	2019-20 MYFER %	2020-21 Projection %	2021-22 Projection %	2022-23 Projection %
General Government												
Revenue/GSP	16.3	14.7	16.0	16.9	16.7	17.1	16.7	16.2	16.1	16.0	15.7	15.4
Tax/GSP	3.8	3.9	4.1	4.3	4.1	3.9	3.8	3.8	4.1	4.1	4.1	4.1
Own source revenue/GSP	8.2	8.3	8.6	8.9	8.9	8.7	8.6	8.5	8.5	8.1	8.1	8.0
Expenses/GSP	16.4	16.3	15.9	16.7	16.5	16.2	16.2	15.9	16.1	15.9	15.5	15.1
Employee expenses/GSP	6.5	6.4	6.1	6.3	6.6	6.5	6.5	6.5	6.9	6.7	6.6	6.6
Net operating balance/GSP	(0.1)	(1.6)	0.2	0.1	0.2	0.9	0.5	0.3	0.0	0.1	0.1	0.3
Capital purchases/GSP	2.8	2.5	2.2	1.6	1.3	1.4	1.5	1.6	1.9	1.9	2.1	1.6
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets	36.3	(40.7)	45.9	97.5	122.9	134.2	107.0	105.5	55.6	56.3	48.6	64.5
Fiscal balance/GSP	(1.9)	(2.8)	(0.9)	(0.2)	(0.2)	0.2	(0.2)	(0.6)	(1.1)	(1.2)	(1.1)	(0.4)
Total borrowings/GSP	10.5	13.4	14.2	14.5	11.7	10.1	9.0	8.7	10.2	11.1	11.9	12.0
Total Borrowings/Revenue	64.4	90.7	88.6	86.3	69.9	59.2	54.3	53.8	63.4	69.3	75.6	78.2
Revenue growth	9.0	(8.8)	11.9	7.0	1.6	10.7	3.4	3.0	0.1	3.0	2.7	2.9
Tax growth	6.3	3.1	8.3	6.4	(0.4)	3.0	2.5	7.0	6.9	3.9	5.2	5.6
Expenses growth	5.9	0.6	(0.2)	7.2	1.1	6.5	5.6	4.4	1.6	2.9	2.1	2.0
Employee expenses growth	8.5	(0.7)	(1.7)	4.4	7.8	6.1	6.7	5.9	6.2	1.1	3.8	3.8
Non-Financial Public Sector												
Capital purchases/GSP	4.3	3.8	3.2	2.6	2.3	2.2	2.2	2.3	2.9	2.8	2.8	2.1
Total borrowings/GSP	21.9	24.4	24.9	25.4	23.9	21.8	19.9	19.2	20.9	21.7	22.1	21.7
Total Borrowings/Revenue	117.7	140.5	135.8	133.9	127.1	110.8	105.1	103.8	114.8	120.5	125.1	124.6
Net financial liabilities ³ /revenue	115.6	133.4	129.8	125.2	127.4	111.2	111.5	113.7	128.5	132.1	133.6	128.8

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. UPF definition, which is equal to total financial assets less investments in other public sector entities less total liabilities.



Queensland
Government

EXHIBIT (c)(v)

Announcement entitled

“QTC’s 2019-20 borrowing program remains unchanged following the release of Queensland’s MYFER”.

Market announcement

12 DECEMBER 2019

QTC's 2019–20 borrowing program remains unchanged following the release of Queensland's MYFER

Today, Queensland's Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, The Honourable Jackie Trad MP, released the Queensland Government's 2019–20 Mid-Year Fiscal and Economic Review (MYFER).

QTC's AUD9.9 billion 2019–20 indicative term debt borrowing program remains unchanged.

To date, QTC has raised AUD8.12 billion toward the AUD9.9 billion term debt requirement, leaving AUD1.78 billion to raise before 30 June 2020.

INDICATIVE 2019–20 TERM DEBT BORROWING PROGRAM

Requirements	2019–20 Mid-Year AUD M ¹	2019–20 Budget AUD M ¹
State	1,000	1,000
Local government and other entities ²	800	800
Total new money	1,800	1,800
Term debt maturities	8,600	8,600
Net funding in advance ³	(500)	(500)
Net term debt refinancing	8,100	8,100
Total term debt requirement	9,900	9,900

¹ Numbers are rounded to the nearest AUD100 million.

² Other entities include: universities, grammar schools, retail water entities and water boards.

³ Includes net issuance undertaken in advance of borrowing requirements during 2018–19 and also in previous financial years as well as scheduled client principal repayments.

Note: Funding activity may vary depending upon actual client requirements, the State's fiscal position and financial market conditions.

2019–20 FUNDING STRATEGY

For the remainder of the financial year QTC's funding strategy is likely to include the following, subject to market opportunities and client funding requirements:

- Issuance of QTC's AUD benchmark bonds as the principal source of funding.
- 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.
- Maintaining approximately AUD5 billion of short-term debt outstandings.

NEXT REVIEW OF BORROWING REQUIREMENTS

QTC will announce its 2020–21 borrowing program following the release of the 2020–21 Queensland State Budget scheduled for 28 April 2020.

ENQUIRIES

Jose Fajardo, Head of Funding & Liquidity M: +61 (0) 400 710 104

LEGAL NOTICE

QTC's 2019–20 indicative borrowing program is hereby incorporated by reference into the disclosure documents for QTC's funding facilities, including the domestic A\$ Bond Information Memorandum dated 15 January 2019. QTC is also in the process of preparing and filing a US Form 18-K (exhibiting the borrowing program and MYFER papers) with the US Securities and Exchange Commission.

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, securities in the United States or in any other jurisdiction in which such an offer would be illegal. The bonds have not been, and they will not be registered under the U.S. Securities Act of 1933, as amended (the 'Securities Act') or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements under the Securities Act. Any public offering of the bonds to be made in the United States will be made by means of a prospectus that may be obtained from the issuer and that will contain detailed information about the company and management, as well as financial statements.

END

EXHIBIT (d)

**Securities of the Registrant Outstanding
as of June 30, 2019.**

The following table shows at June 30, 2019 the amount of contract maturities of the Corporation's outstanding indebtedness maturing over the next five years and for subsequent years. The face value of maturing paper is used in the maturity structure. Accordingly, comparisons with the market value of debt disclosed under the heading "Guaranteed Debt On-lent by Queensland Treasury Corporation" in Exhibit (e) are irrelevant.

**Outstanding Indebtedness of QTC (Face Value)
Maturity Analysis**

	<u>0-3 months</u>	<u>3-12 months</u>	<u>1-5 years</u>	<u>Over 5 years</u>	<u>Total</u>
	(in A\$ millions)				
Offshore Debt ⁽¹⁾	306	57	—	1,010	1,373
Domestic Debt ⁽²⁾⁽³⁾	4,167	9,258	29,888	45,271	88,584
Total	<u>4,473</u>	<u>9,315</u>	<u>29,888</u>	<u>46,281</u>	<u>89,957</u>

(1) These totals have been translated into Australian dollars at a rate of exchange applicable at the balance date and do not include the net effect of currency swaps and forward currency contracts. They include US\$255 million outstanding under the Corporation's United States and European Commercial Paper Facilities as at June 30, 2019 (2018: US\$863 million) and US\$708 million outstanding under the Corporation's United States and European Euro Medium-Term Note Facilities as at June 30, 2019 (2018: US\$713 million).

(2) Maturities are included at face value.

(3) These totals include A\$5,020 million outstanding under the Corporation's Australian dollar Treasury note facility as at June 30, 2019 (2018: A\$4,255 million) and A\$314 million outstanding of Australian dollar denominated indebtedness under the Corporation's European Commercial Paper Facilities as at June 30, 2019 (2018: A\$10 million).

Other Guaranteed Debt and Contingent Liabilities

Under the provisions of the *Statutory Bodies Financial Arrangements Act 1982* (as amended by the *Statutory Bodies Financial Arrangements Amendment Act 1996* and the *Statutory Bodies Financial Arrangements Amendment Regulations*), financial arrangements entered into by a statutory body may be guaranteed by the Treasurer on behalf of the Government of Queensland. That legislation also preserves similar guarantees given under legislation that it replaced. In addition, the *Economic Development Act 2012* preserves guarantees of borrowings of other bodies made under the *Statutory Bodies Financial Arrangements Act 1982*. Guarantees are also given in respect of borrowings made by Co-operative Housing Societies which on-lend funds for home purchase.

The Queensland Government also guarantees all insurance policies issued prior to December 1, 1996 by the Suncorp Insurance and Finance Corporation ("Suncorp"). Suncorp, together with Suncorp Building Society and Queensland Industry Development Corporation merged with Metway Bank Limited with effect from December 1, 1996. In February 2019, Suncorp sold its life insurance business to TAL Dai-ichi Life Australia Pty Ltd, however, the existing guarantees have transferred with the sale. Pursuant to the provisions of the *State Financial Institutions and Metway Merger Facilitation Act 1996*, policies or contracts of insurance or indemnity issued by Suncorp prior to December 1, 1996 will continue to be guaranteed by the Queensland Government.

Exchange Rate of the Australian Dollar

Exchange rates for the major currencies in which debt of Queensland Treasury Corporation and Queensland is denominated, expressed as an Australian dollar against the foreign currency equivalent, are shown in the table below:

<u>Currency</u> <u>Year average</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>
US Dollar	0.9184	0.8372	0.7285	0.7542	0.7754	0.7015
Japanese Yen	92.79	95.54	85.01	82.27	85.56	75.54
Swiss Franc	0.8307	0.7892	0.7135	0.7476	0.7526	0.6840
Pounds Sterling	0.5653	0.5305	0.4917	0.5949	0.5760	0.5535
Euro	0.6771	0.6961	0.6564	0.6919	0.6499	0.6167
NZ Dollar	1.1065	1.0757	1.0907	1.0587	1.0853	1.0459

Source: Thomson Reuters.

EXHIBIT (e)

Co-registrant's outstanding debt to the Commonwealth as of June 30, 2019, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.

PUBLIC DEBT

The public sector indebtedness of Queensland is comprised of a number of distinct categories: Public Debt to the Commonwealth, Other State Debt to the Commonwealth, Queensland Treasury Corporation Guaranteed Debt and Other Guaranteed Debt and Contingent Liabilities.

During April 1995, the Commonwealth Government and Queensland Government entered into an agreement (the “1995 Financial Agreement”) whereby Queensland would pre-redeem its debt to the Commonwealth. This was carried out in July 1995.

State Debt to the Commonwealth

In addition to the funds lent to the States pursuant to the 1995 Financial Agreement, the Commonwealth Government also lends funds to the States in accordance with a variety of agreed Commonwealth/State programs. In general, these funds are on-lent to borrowers in accordance with the terms of the agreed program, with repayment being made to the State from the revenues of the ultimate borrowers. When on-lent by Queensland, the debt is generally secured by State claims on tangible assets of the ultimate borrower.

The following table outlines the outstanding advances made by the Commonwealth under this category of debt.

Other State Debt to the Commonwealth and Treasury

Agreement/Program	As at June 30,							
	2012	2013	2014	2015	2016	2017	2018	2019
Commonwealth and State Housing	379	369	351	337	323	308	293	278
Other (incl. Natural Disaster Relief Assistance)	93	98	203	288	191	178	169	146
Total	472	467	554	625	514	486	463	424

Guaranteed Debt On-lent by Queensland Treasury Corporation

Queensland Treasury Corporation's (the "Corporation" or "QTC") primary function to date has been to act as a central financing authority for on-lending funds raised by it to Queensland Government Bodies. The Treasurer of Queensland, on behalf of the State Government, guarantees QTC's obligations under all debt securities issued by QTC. The Corporation's guaranteed debt (market value), as at the end of each of the last five fiscal years, and the distribution of this debt among various borrowing authorities is detailed in the following table:

Guaranteed Debt On-lent by Queensland Treasury Corporation

<u>Distribution of Debt</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
	(A\$ millions)				
Bodies within the Public Accounts					
Department of Education and Training	58	53	48	43	—
Department of State Development	79	75	66	58	—
Department of Transport and Main Roads – Main Roads	852	758	749	668	—
Department of Transport and Main Roads – Queensland Transport	105	105	—	—	—
Public Works – Department of Housing and Public Works	15	14	10	9	—
Queensland Health	71	58	43	—	—
Queensland Treasury	43,605	37,324	32,728	30,400	33,173
Other	153	164	185	205	210
Government Owned Corporations					
CS Energy Ltd	939	966	924	720	654
Energy Queensland Limited	—	18,497	17,767	17,607	18,912
Energex Limited	7,006	—	—	—	—
Ergon Energy Corporation Limited	5,507	—	—	—	—
Port Authorities & Facilities (various)	962	947	1,401	1,403	1,482
Powerlink	4,762	5,526	5,371	5,355	5,647
Stanwell Corporation Limited	903	981	937	921	970
Local Governments					
Brisbane City Council	2,404	1,927	2,283	2,195	2,184
Cairns Regional Council	97	96	86	110	123
Fraser Coast Regional Council	170	160	138	119	103
Gladstone Regional Council	186	171	155	144	141
Gold Coast City Council	878	876	786	723	702
Ipswich City Council	277	300	280	257	345
Logan City Council	285	292	229	214	211
Mackay Regional Council	224	224	201	185	177
Moreton Bay Regional Council	454	471	444	435	443
Redland City Council	63	59	51	45	42
Rockhampton Regional Council	172	172	155	132	128
Sunshine Coast Regional Council	297	340	308	307	354
Toowoomba Regional Council	185	215	193	181	180
Townsville City Council	389	409	427	396	448
Other	820	704	713	697	722
Statutory Bodies					
Grammar schools	114	114	104	94	89
Seqwater	10,863	11,522	10,949	10,827	11,617
Unitywater	418	432	419	416	435
Universities	280	334	373	407	493
Water Boards	236	246	253	280	281

Guaranteed Debt On-lent by Queensland Treasury Corporation

<u>Distribution of Debt</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
			(A\$ millions)		
Other	169	151	202	261	336
Other Bodies					
DBCT Holdings Pty Ltd	148	139	130	122	113
Queensland Rail Limited	3,386	3,455	3,627	3,666	3,901
Queensland Urban Utilities	1,579	2,124	2,070	2,067	2,215
Other	309	329	296	287	299
Total Funds On-lent	89,419	90,823	85,102	81,952	87,129
Undistributed borrowings	12,013	9,856	13,361	14,580	14,884
Total Guaranteed Debt	101,432	100,679	98,463	96,532	102,013

The Corporation raises funds in both the domestic and international capital markets with the market value of borrowings under management as at June 30, 2019 at A\$102.013 billion, which includes A\$1.687 billion of debt issued under overseas funding programs based on the prevailing rates of exchange at June 30, 2019. The Corporation hedges its foreign debt portfolio through interest rate and currency swaps and other hedging and currency switching transactions.

**Outstanding Domestic Australian Dollar Indebtedness
as at June 30, 2019**

Coupon Rate (% per annum)	Maturity Date	Face Value (AUD)	Market Value (AUD)
QTC Bonds			
6.25	February-2020	7,999,191,000	8,439,735,847
6.00	June-2021	786,200,000	863,941,571
5.50	June-2021	7,997,483,000	8,687,075,528
6.00	July-2022	8,283,400,000	9,697,628,635
4.25	July-2023	8,224,900,000	9,348,197,409
3.00	March-2024	750,000,000	814,012,060
5.75	July-2024	8,324,000,000	10,330,048,031
4.75	July-2025	8,246,500,000	9,996,717,639
3.25	July-2026	7,203,843,000	8,110,976,107
2.75	August-2027	5,776,000,000	6,295,585,518
3.25	July-2028	4,900,000,000	5,572,391,376
2.50	March-2029	1,250,000,000	1,332,478,983
3.25	August-2029	3,693,900,000	4,205,289,179
2.75 ⁽¹⁾	August-2030	536,358,534	661,957,364
3.50	August-2030	3,561,400,000	4,150,238,344
6.50	March-2033	1,149,807,000	1,784,563,179
4.20	February-2047	630,000,000	843,796,167
Treasury Notes			
Various	July-2019	2,000,000,000	1,999,102,765
Various	August-2019	1,320,000,000	1,318,080,515
Various	September-2019	500,000,000	498,611,408
Various	October-2019	250,000,000	249,187,533
Various	November-2019	750,000,000	746,518,908
Various	December-2019	200,000,000	198,969,029
Floating Rate Notes			
3 mth BBSW + 14.5 bps	February-2022	2,000,000,000	2,002,947,176
3 mth BBSW + 21 bps	February-2023	1,600,000,000	1,605,251,648
Other loans			
Various	2019	61,243,500	61,895,254
Various	2020	70,252,500	71,131,461
Various	2021	62,975,000	64,591,278
Various	2022	106,860,000	111,246,374
Various	2023	36,000,000	36,932,867
Total		<u>88,270,313,534</u>	<u>100,099,099,154</u>

(1) Capital Indexed Bond (CIB)

Outstanding Offshore Indebtedness

**Global AS Bonds
as at June 30, 2019.**

<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Currency</u>	<u>Face Value (AUD)</u>	<u>Market Value (AUD)</u>
			—	—
Total			<u>—</u>	<u>—</u>

**Euro Medium-Term Notes
as at June 30, 2019.**

<u>Year of Issue</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Currency</u>	<u>Face Value (AUD)</u>	<u>Market Value (AUD)</u>
2011	1.730%	September-2039	CHF	160,820,719	207,745,671
2014	2.650%	April-2039	JPY	198,559,290	288,804,427
2016	1.640%	November-2046	EUR	650,260,544	740,865,616
Total				<u>1,009,640,554</u>	<u>1,237,415,714</u>

**Commercial Paper
as at June 30, 2019.**

<u>Year of Issue</u>	<u>Yield</u>	<u>Maturity</u>	<u>Currency</u>	<u>Face Value (AUD)</u>	<u>Market Value (AUD)</u>
2019	2.580%	August-19	USD	142,555,625	142,244,164
2019	2.550%	July-19	USD	71,277,813	71,273,172
2019	2.420%	September-19	USD	35,638,906	35,490,263
2019	2.420%	September-19	USD	57,022,250	56,725,325
2019	2.230%	November-19	USD	57,022,250	56,572,393
2019	2.140%	July-19	AUD	70,000,000	69,981,079
2019	2.130%	July-19	AUD	74,000,000	73,979,998
2019	2.130%	July-19	AUD	70,000,000	69,928,180
2019	2.120%	July-19	AUD	100,000,000	99,962,934
Total				<u>677,516,845</u>	<u>676,157,508</u>

EXHIBIT (f)

**Description of Queensland and
Queensland Treasury Corporation.**

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;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State or Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

QUEENSLAND TREASURY CORPORATION

In 1982, the State established the Queensland Government Development Authority as a corporation sole constituted by the Under Treasurer pursuant to the *Statutory Bodies Financial Arrangements Act 1982* to act as a central borrowing authority for the State of Queensland. The powers of that statutory body were expanded in 1988 and the name changed to Queensland Treasury Corporation pursuant to the *Queensland Treasury Corporation Act 1988* (the "Act").

Under the Act, the Corporation has as its statutory objectives:

- (a) to act as a financial institution for the benefit of and the provision of financial resources and services to statutory bodies (as defined in the Act) and the State;
- (b) to enhance the financial position of the Corporation, other statutory bodies and the State; and
- (c) to enter into and perform financial and other arrangements that in the opinion of the Corporation have as their objective:
 - (i) the advancement of the financial interests of the State;
 - (ii) the development of the State or any part thereof; or
 - (iii) the benefit of persons or classes of persons resident in or having or likely to have an association with Queensland.

In furtherance of these objectives, the Act also provides that the Corporation has the following functions:

- (a) to borrow, raise or otherwise obtain financial accommodation in Australia or elsewhere for itself, statutory bodies or other persons;
- (b) to advance money or otherwise make financial accommodation available;
- (c) to act as a central borrowing and capital raising authority for the statutory bodies of the State;
- (d) to act as agent for statutory bodies in negotiating, entering into and performing financial arrangements;
- (e) to provide a medium for the investment of funds of the Treasurer of the State, statutory bodies or any other persons; and
- (f) to manage or cause to be managed the Corporation's financial rights and obligations.

As at June 30, 2019, the Corporation had assets totaling A\$139.549 billion and liabilities totaling A\$139.039 billion (compared to total assets of A\$133.832 billion and total liabilities of A\$132.677 billion as at June 30, 2018). QTC has two reporting segments. The Capital Markets Operations segment is responsible for providing debt funding, liability management, cash management and financial risk management advice to its public sector clients, while the Long Term Assets segment holds a portfolio of assets which are held to fund the superannuation and other long-term obligations of the State.

The Capital Markets Operations segment had assets totaling A\$110.203 billion and liabilities totaling A\$109.693 billion as at June 30, 2019 (compared to assets of A\$103.344 billion and liabilities of A\$102.910 billion at June 30, 2018). In relation to the Long Term Assets segment, assets totaled A\$29.346 billion and liabilities totaled A\$29.346 billion as at June 30, 2019 (compared to assets of A\$30.488 billion and liabilities of A\$29.766 billion at June 30, 2018).

The financial statements of the Corporation are comprised of the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and Notes to and forming part of the Financial Statements.

Organization of Queensland Treasury Corporation

The Queensland Treasury Corporation Capital Markets Board (the “Board”) was established under section 10 of the Act to determine and implement ongoing strategies for capital market operations.

The present Under Treasurer of the State of Queensland is Mr. Frankie Carroll.

The powers, functions and duties of the Under Treasurer (save for those relating to the Long Term Assets segment – see below) have been delegated to the Board. Members of the Board are appointed by the Governor in Council of the State and are not employees of the Corporation. The current Chairman of the Board is Mr. Gerard Bradley.

The Chief Executive of the Corporation is Philip Noble. The senior management structure includes four Managing Directors covering Funding and Markets, Client Advisory, Finance, Data and Compliance and Corporate Services.

The business address of the Corporation and the Board is Level 31, 111 Eagle Street, Brisbane, Queensland.

Borrowing and Lending Activities of the Issuer

With respect to borrowings, the Corporation raises funds in domestic and international capital markets primarily for on-lending to State bodies, which include statutory bodies and authorities, government departments, government owned corporations and local governments (“Government Bodies” or “clients”).

At June 30, 2019, the total borrowings of the Corporation were A\$89.957 billion (A\$102.013 billion in market value). This amount included debt issued under overseas funding programs equivalent to A\$1.687 billion based on the prevailing rates of exchange at June 30, 2019. Included in these overseas borrowings were Australian Dollar denominated borrowings of A\$0.314 billion. All foreign currency borrowings are fully hedged back to Australian dollars by way of cross currency swaps and exchange contracts. The Capital Market Operations segment recorded a profit after tax of A\$125.9 million for the year ended June 30, 2019 compared to A\$94.3 million for the year ended June 30, 2018.

The repayment of principal and the payment of interest on all A\$ Bonds (which, for purposes of the Act and certain other purposes, have been and are identified as “Inscribed Stock”) issued by the Corporation under the domestic A\$ Bond program is unconditionally guaranteed by the Treasurer on behalf of the Government of Queensland pursuant to section 32 of the Act. In relation to all other liabilities of the Corporation, section 33 of the Act provides that the Treasurer on behalf of the Government of Queensland may guarantee with the approval of the Governor in Council the performance of the Corporation’s obligations under any financial arrangements entered into by the Corporation. Pursuant to this provision, all offshore bond, medium-term note and commercial paper programs and issuances undertaken by the Corporation have been guaranteed by the Treasurer. Furthermore, all amounts lawfully payable by the Corporation to its counterparties under relevant ISDA arrangements are guaranteed by the Treasurer pursuant to a deed of guarantee issued under section 33 of the Act.

The Corporation’s borrowing and lending functions are separated. This separation is with a view to the Corporation borrowing in the markets in an orderly manner and, at the same time, reduces the likely negative impact on the Corporation’s interest rates of borrowing large amounts to meet funding requirements when funds are required by clients.

Surplus borrowings are held to manage the Corporation's refinancing risk, clients' interest rate risk, and to manage the Corporation's liquidity risk. To ensure the Corporation has high levels of liquidity, these surpluses are held in funding pools with highly liquid investments being made with high quality credit counterparties.

As at June 30, 2019, the market value of the Corporation's onlendings to its clients totaled A\$87.130 billion of which A\$27.666 billion was to government owned corporations.

Long Term Assets of the Issuer

QTC holds a portfolio of assets that were transferred to QTC by the Queensland Government under an administrative arrangement. These assets are the investments of QTC's Long Term Assets segment and were accumulated to fund superannuation and other long-term obligations of the State (the "Long Term Assets"), such as insurance. In return, QTC issued to the State fixed rate notes, which has resulted in the State receiving a fixed rate of return on the notes, while QTC bears the impact of fluctuations in the value and returns on the asset portfolio.

The State Investment Advisory Board ("SIAB"), formerly the Long Term Asset Advisory Board ("LTAAB"), is responsible for oversight of the Long Term Assets which do not form part of QTC's day-to-day capital markets operations. The Long Term Assets are held in unit trusts managed by QIC Limited.

Effective from July 4, 2019, the name "Long Term Asset Advisory Board" (LTAAB) was changed to "State Investment Advisory Board" (SIAB). Board membership includes the Under Treasurer, the Deputy Under Treasurer, Economic and Fiscal Coordination and three external members.

The market value of assets held under this arrangement as at June 30, 2019 totaled A\$29.346 billion, which matched the market value of the financial liabilities of A\$29.346 billion.

Under section 15 of the Act, profits made by the Corporation shall accrue to the benefit of the State's Consolidated Fund and any losses shall be the responsibility of the State's Consolidated Fund.

Enterprise wide Risk Management

The Corporation has an established Enterprise wide Risk Management Program including Enterprise wide Risk Management policies and procedures. As part of this Enterprise wide Risk Management Program, the Corporation continues to monitor and manage its risks through identification of both material and non-material risks. Material risks are those risks that have the potential to materially affect the achievement of the Corporation's objectives. Material risks include the risk that the Corporation cannot access funding to meet debt servicing obligations and client borrowing requirements. This risk has the potential to significantly impact the Corporation's ability to fulfill its obligations under its funding programs and facilities.

To offset the risks associated with the Corporation's inability to access suitable funding markets when required, it holds significant levels of high quality liquid assets (HQLA), which can be readily liquidated if required. Included in these HQLA assets are funds held on account of the Corporation borrowing in advance of requirement to fund both the redemption of maturing debt and to fund the Corporation's clients' projected debt financing requirements.

While the Corporation is not subject to the Bank of International Settlements, Basel II and Basel III accords, the Corporation and its Board consider relevant aspects of these accords. As a result, the Corporation has in place a comprehensive and strict set of policies to manage liquidity, market and credit risk.

QUEENSLAND

General

The State of Queensland has the second largest land area of the six Australian States and the largest habitable area. It occupies the north-eastern quarter of the Commonwealth of Australia (“Australia” or the “Commonwealth”), covering 1.7 million square kilometers, stretching from the sub-tropical and densely populated southeast to the tropical, sparsely populated Cape York Peninsula in the north. The State’s geography and climate are suitable for the production of a wide variety of agricultural products, the most important being meat, grains, sugar and cotton. In addition, the State has extensive deposits of minerals and gasses (including large reserves of coal and one of the world’s largest known bauxite deposits), a diverse industrial base, well developed ports and transportation systems and an educated workforce. A land transportation network of approximately 10,000 kilometers of railway lines and 184,000 kilometers of roads supports the development of the State’s resources.

Queensland is the third most populous state in Australia with a population of around 5.1 million persons, or 20.1% of Australia’s population at the end of June 2019. Approximately two-thirds of Queensland’s population lives in the Brisbane, Gold Coast and Sunshine Coast regions in the south-eastern corner of the State, an area with mild climate and a developed industrial base. The remainder of the State’s population is spread quite widely, making Queensland’s population the most dispersed of the Australian states.

Brisbane, the capital of Queensland, with its surrounding metropolitan area, has approximately 2.4 million residents. There are nine other population centers in Queensland with over 50,000 residents.

Government of Queensland

The Commonwealth was formed as a federal union on January 1, 1901, when the six British colonies of New South Wales, Victoria, Queensland, South Australia, Western Australia and Tasmania were united as states in a federation. In addition to the six states, Australia has a number of territories including the Northern Territory and the Australian Capital Territory, the latter containing the nation’s capital of Canberra.

The federal Parliament can make laws only on certain matters. These include international and inter-state trade; foreign affairs; defense; immigration; taxation; banking; insurance; marriage and divorce; currency and weights and measures; post and telecommunications; and invalid and old age pensions. On some matters the Commonwealth is given exclusive powers and as such the states are unable to legislate in these areas. On other matters, the Commonwealth and the states have concurrent powers, whereby both the Commonwealth and the states may legislate. The states retain legislative powers over matters not specifically listed in the Constitution of Australia. In cases of conflict in areas where the Commonwealth and states have concurrent powers to make laws, Commonwealth law has priority and the state law is invalid to the extent of any inconsistency.

State powers include control over education, public health, police and justice, transport, roads and railways, industry, mining and agriculture, public works, ports, forestry, electricity, gas, and water supply and irrigation.

While Queensland has autonomy and control in respect of those functions which are its constitutional responsibility, it forms a part of the Commonwealth and in many important respects its economic performance and prospects are closely interrelated with those of Australia as a whole. In particular, primary responsibility for overall economic management in Australia rests with the Commonwealth Government. For example, the Commonwealth Government has responsibility for national budget policy, fiscal policy and external policy. In addition, while most wage rates have been traditionally centrally determined through Federal and state conciliation and arbitration tribunals, legislation over the last two decades underpins a move away from central wage fixation toward enterprise based agreements.

Legislative powers in Queensland are vested in the State Parliament, which consists of a single chamber, the Legislative Assembly, elected by the compulsory vote of all persons 18 years of age or over, for a term not exceeding three years.

The most recent State election was held in November 2017. The Australian Labor Party was returned to Government for a second term after winning 48 seats (of a 93 seat parliament) to form an outright majority. The current Premier is the Honourable Anastacia Palaszczuk, who entered the State Parliament in 2006. The next state election is due to be held in October 2020 and subsequently every four years, following the recent commencement of fixed four-year terms.

The executive power of the State is formally exercised by the Governor of Queensland (the “Governor”), who is the representative of the Crown and is advised by the Executive Council. The Executive Council is comprised of the Governor and the Ministry. The Ministers are members of the party or coalition of parties which command the support of a majority in the Legislative Assembly. Including the Premier, there are at present a total of 18 Ministers. In practice, the executive power of the State is exercised by the Cabinet (which in Queensland, consists of all Ministers) with the decisions of the Cabinet being formally ratified by the Governor when necessary. As is the case federally, it is a well-established convention that, except in extraordinary circumstances, the Governor acts on the advice of the Cabinet.

The authority of Queensland’s Parliament is required for the raising of all state revenues and for all state expenditures. The State’s accounts (including the accounts of the Corporation) are audited on a continuing basis by the State’s Auditor-General, who is an appointee of the Governor in Council and who reports annually to the Queensland Parliament on each year’s financial operations.

Each Minister is responsible to Parliament for the operation of one or more Government departments, as well as any associated statutory authorities. Departments are staffed by independent public servants with each department having a Director-General who, under the *Financial Accountability Act 2009*, is responsible for the financial administration of the funds provided by Parliament for use by that department.

The State judicial system operates principally through the Land Court, Children’s Court, Magistrates Court, the District Court, the Supreme Court and the Queensland Civil and Administrative Tribunal. The Court of Appeal is a division of the Supreme Court. The judiciary in Queensland is appointed by the Crown, as represented by the Governor, acting upon the advice of the Cabinet.

A number of separate entities have been established in Queensland under special Acts of Parliament to carry out particular functions or to provide specific community services. These entities are variously referred to as “Statutory Authorities”, “Statutory Bodies”, “Semi-Government Authorities”, “Local Authorities”, “Local Governments”, “Government Owned Corporations” or “public enterprises”.

QUEENSLAND ECONOMY

Overview

Queensland has a modern, vibrant economy, supported by a diverse range of industries, including agriculture, resources, construction, tourism, manufacturing and services.

Over the past two decades, Queensland's economic growth has generally exceeded the national average. Following the resources investment boom and associated ramp-up in liquefied natural gas ("LNG") exports in recent years, economic growth is expected to be more wide-ranging and largely in line with national growth in coming years.

Agriculture, forestry and fishing is a vital part of Queensland's diverse economy and an important part of our State's heritage, particularly in rural and regional areas. The bulk of Queensland's agricultural commodities are produced for export, providing a significant contribution to foreign earnings.

Queensland has well developed coal and minerals industries, and the liquefied natural gas industry has recently seen rapid expansion and transformation into a major international export sector. The State's coal and bauxite reserves are among the largest in the world, generally of high grade and easily accessible.

Queensland is the world's largest seaborne exporter of metallurgical coal, with a large proportion of the State's coal currently produced from the Bowen Basin. A wide variety of minerals are produced in Queensland, with bauxite, copper, zinc, lead, silver and gold the most common. The largest concentration of minerals mines is in the region surrounding Mount Isa.

While Queensland's natural gas industry has been operating since the 1960s, the development of coal seam gas extraction and the significant investment in Liquefied Natural Gas (LNG) plants at Gladstone has opened the sector up to major export markets in Asia valued at A\$15.7 billion in 2018-19. LNG has become Queensland's second most valuable commodity export after metallurgical coal.

Most of the resources produced in Queensland are used overseas. Overseas exports of coal, LNG and minerals accounted for around 66% of Queensland's international goods and services exports in 2018-19.

Historically, the manufacturing industry has not been as important to the Queensland economy as other Australian States. Manufacturing in Queensland specialized to meet the internal requirements of the Queensland economy, including minerals processing and agriculture. However, in recent years the manufacturing sector has diversified and expanded into higher value-added and high technology industries.

International and interstate tourism is also an important contributor to the Queensland economy. Queensland boasts many natural attractions, including the Great Barrier Reef, extensive beaches, island resorts and tropical rainforests as well as cosmopolitan cities and a unique countryside.

Like all modern economies, Queensland has an extensive service sector which complements a diverse range of activities, including construction, wholesale and retail trade, communications, business and financial services, as well as the tourism sector.

There have been significant structural changes in the Queensland economy over the past 20 years. The importance of the manufacturing sector has gradually declined over the period, while the importance of the financial and insurance and professional scientific and technical services sectors has increased.

Economic Strategy

The Queensland Government is focused on building a strong economy and providing improved employment opportunities for all Queenslanders, while ensuring a responsible approach to managing the State's finances.

Since 2015, the Palaszczuk Government's Economic Plan, as outlined in successive State Budgets, has been integral in driving economic prosperity, jobs and enhancing living standards across the State, through its focus on:

- increasing the economic opportunities available to Queenslanders;
- enhancing the capacity of Queenslanders to access and capitalize on these opportunities; and
- ensuring all Queenslanders share in the prosperity and improved quality of life these opportunities deliver.

The Economic Plan focuses on delivering these outcomes through six key policy channels.

1. Fostering entrepreneurship and innovation;
2. Promoting business investment and exports;
3. Delivering and facilitating productive infrastructure;
4. Growing our human capital;
5. Optimizing the use of our land and natural resources; and
6. Leading an innovative, active and responsive public sector.

Consistent with one of the key planks of the Economic Plan, delivering and facilitating productive infrastructure, the Government is delivering on its substantial significant capital works program outlined in the 2019-20 Budget, thereby unlocking economic and business growth opportunities and acting as a catalyst for private sector investment and innovation across the State.

Consistent with the Economic Plan, the Government is also maintaining an ongoing focus on building the productive capacity and resilience of the State's traditional, emerging and new industries, which is critical to driving sustainable economic growth and supporting the ongoing prosperity of Queensland families, communities and regions.

Economic Growth

Queensland's economy grew 1.4% in 2018-19, down from 3.7% recorded in the previous year. Real gross state product (GSP) growth in 2018-19 was primarily driven by growth in household consumption, public final demand and net overseas exports. Private investment detracted from growth, driven by falls in both business investment and dwelling investment, while the balancing item (which includes net interstate trade and the statistical discrepancy) also detracted from growth.

**Real Economic Growth - Queensland and Australia
(original, CVM^(a))**

Year	Queensland GSP		Australia GDP	
	A\$ Billion	% Change	A\$ Billion	% Change
2013-14	320.7	2.1	1,671.5	2.5
2014-15	323.8	1.0	1,708.2	2.2
2015-16	331.7	2.4	1,755.5	2.8
2016-17	339.7	2.4	1,797.0	2.4
2017-18	352.2	3.7	1,849.9	2.9
2018-19	357.0	1.4	1,885.0	1.9

(a) Chain volume measures; reference year 2017-18.

Source: ABS 5220.0.

Major Economic Indicators

The following table lists selected major economic indicators for Queensland:

Queensland Major Economic Indicators

	2014-15	2015-16	2016-17	2017-18	2018-19
Overseas merchandise exports (A\$ billion)	46.5	47.9	66.5	74.3	87.3
Retail turnover (A\$ billion)	58.6	60.2	61.9	62.5	64.8
Private gross fixed capital formation (A\$ billion)	71.4	63.0	65.0	69.4	66.6
Resources exports (A\$ billion)	35.1	35.3	53.4	61.1	73.3
Agricultural production (A\$ billion)	13.3	14.6	15.1	14.8	14.0
Employment ('000 persons) ^(a)	2,324	2,363	2,367	2,464	2,501
Unemployment rate (%) ^(a)	6.5	6.2	6.2	6.0	6.1
Increase in consumer prices (%) ^(a)	1.9	1.6	1.7	1.7	1.6
Average weekly total earnings (A\$) ^(a)	1,106	1,118	1,123	1,150	1,197

(a) Year-average.

Note: All monetary values are in current prices.

Sources: ABS 5220.0; 5368.0; 6202.0; 6302.0; 6401.0; 8501.0; Queensland Department of Agriculture and Fisheries; Queensland Department of Natural Resources, Mines and Energy.

Structure of the Queensland Economy

The following table shows the annual percentage changes and contributions to growth in GSP/GDP in Queensland and Australia for 2017-18 and 2018-19.

Components of Economic Growth (original, CVM^(a))

	Queensland				Australia			
	Annual Growth (%)		Contribution to GSP growth (% points)		Annual Growth (%)		Contribution to GDP growth (% points)	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
Household consumption	2.6	2.0	1.5	1.1	2.9	1.9	1.6	1.1
Private investment	5.5	-6.1	1.1	-1.2	5.3	-2.7	1.0	-0.5
- Dwellings	-3.8	-2.4	-0.2	-0.1	0.5	-0.5	0.0	0.0
- Business investment	13.5	-7.9	1.3	-0.9	10.7	-3.0	1.0	-0.3
(i) Non-dwelling construction	17.3	-15.6	1.0	-1.0	12.9	-7.6	0.7	-0.4
(ii) Machinery and equipment	8.0	4.4	0.3	0.2	7.7	3.9	0.3	0.1
- Other private investment	-1.5	-6.6	0.0	-0.2	0.7	-5.1	0.0	-0.2
Private final demand ^(b)	3.4	-0.1	2.5	-0.1	3.5	0.7	2.6	0.5
Public final demand ^(b)	4.8	4.0	1.2	1.0	3.6	4.0	0.9	1.0
Overseas exports	1.9	4.4	0.5	1.1	4.1	3.8	0.9	0.8
Overseas imports	14.9	-1.0	-2.4	0.2	7.2	-0.1	-1.5	0.0
Balancing item	n/a	n/a	2.1	-0.5	n/a	n/a	0.0	-0.2
Statistical discrepancy	n/a	n/a	-0.1	-0.3	n/a	n/a	0.0	-0.3
GSP/GDP	3.7	1.4	3.7	1.4	2.9	1.9	2.9	1.9

(a) Chain volume measure; reference year 2017-18.

(b) Final demand constitutes final consumption expenditure plus gross fixed capital formation.

n/a: Not applicable.

Source: ABS 5220.0.

Based on ABS *Annual State Accounts* (5220.0) data (see table above), key features are:

- Household consumption in Queensland rose 2.0% in 2018-19, following a 2.6% rise in the previous year. Households' income growth strengthened further in 2018-19, benefiting from improved labor market conditions in recent years, and a modest improvement in wages growth.
- Dwelling investment fell 2.4% in 2018-19, following a fall of 3.8% in the previous year. A substantial build-up of apartments, particularly in inner city Brisbane, along with a tightening of lending standards for investors and concerns about contagion from falling property prices in Sydney and Melbourne has driven weakness in dwelling investment in Queensland. Although some of these factors have begun to ease in recent months, dwelling investment is still expected to be constrained in 2019-20.
- Business investment in Queensland fell 3.0% in 2018-19, driven by global uncertainty, prolonged drought and a wind back in investment in renewable energy projects. The fall over the year was driven by new building construction (down 20.7%) and engineering construction (down 11.0%). Machinery and equipment investment (up 4.4%) grew solidly in 2018-19.
- Overseas exports grew 4.4% in 2018-19, driven by LNG, coal and education exports. Overseas imports fell 1.0% in 2018-19, driven by a decrease in non-industrial transport equipment (cars etc.), fuels and lubricants and processed industrial supplies imports. As a result, net overseas exports contributed 0.9 percentage point to Queensland's economic growth in 2018-19.

Overseas Merchandise Exports

Queensland is Australia's second largest exporting state, accounting for 23.4% of Australia's total merchandise exports in 2018-19.

The nominal value of Queensland's overseas merchandise exports rose 17.5% in 2018-19, driven by higher export prices for coal and LNG.

The value of Queensland's coal exports rose A\$5.6 billion, to A\$46.3 billion in 2018-19, reflecting an increase in the value of all three types of coal, particularly hard-coking coal. This was driven primarily by a rise in export prices (reflecting both a lower exchange rate and elevated US\$ denominated coal prices). Queensland's coal exports (particularly hard coking coal) have benefited from elevated prices since late-2016, although spot prices have declined more recently.

Queensland Treasury estimates the value of LNG exports rose A\$5.0 billion to A\$15.7 billion in 2018-19. The increase was driven by higher export prices, which are linked to oil prices. The ramp up phase in LNG exports volumes is now largely complete, with volumes growing 6.1% in 2018-19, following growth of 4.8% in 2017-18 and 59.6% in 2016-17. With 5 of the 6 LNG trains now operating at close to full capacity, further growth in volumes will be dependent on new gas developments.

The value of minerals exports rose A\$1.4 billion to A\$10.7 billion in 2018-19, reflecting increases in the value of aluminum, zinc, lead and copper exports. Export volumes for bauxite, zinc and lead were higher, while alumina and copper benefited from higher prices.

The value of meat exports rose 18.0%, to A\$6.0 billion in 2018-19, driven by an increase in both export volumes and prices. Dry weather conditions encouraged graziers to unload cattle stock, driving increased beef and live cattle exports following significant falls in recent years. Looking ahead, a reduced cattle stock is expected to limit growth in beef exports, while the North Queensland floods in February 2019 is expected to further constrain future export volumes, with an estimated 3-5% of the Queensland herd lost as a result of the weather event.

Partly offsetting the gains from strong beef exports in 2018 19 was the fall in the nominal value of crop exports, particularly chickpeas. The value of chickpea exports fell 51.6% in 2017-18 and a further 67.5% in 2018-19, reflecting both lower production due to dry conditions and a fall in demand due to the tariffs imposed by the Indian government since December 2017 (previously Queensland's largest chickpea export market). The value of textile fibers exports also substantially declined over the last two years (down 71.7% in 2017-18 and down 88.2% in 2018-19) as a result of the prolonged drought negatively impacting cotton production, which is a very water dependent crop.

Overseas Merchandise Exports, Queensland
(A\$ million, current prices)

Export Categories ^(a)	2016-17	2017-18	2018-19 ^(p)
Rural^(b)			
Meat	4,658	5,062	5,974
Textile fibers	873	247	29
Cereals and cereal preparations	527	272	184
Vegetables and fruit	1,853	1,192	677
Feeding stuff for animals	132	135	134
Other rural	1,720	1,761	1,683
Total	9,762	8,669	8,681
Crude minerals			
Coal, coke and briquettes ^(c)	35,954	40,668	46,308
Metalliferous ores ^(d)	4,478	5,566	6,670
Petroleum and related products/materials	80	104	186
Gas, natural and manufactured ^(e)	8,642	10,738	15,727
Other crude minerals	17	22	18
Total	49,170	57,098	68,909
Processed minerals and metals^(b)			
Non-ferrous metals ^(b)	3,943	3,744	4,078
Other processed minerals and metals	263	287	314
Total	4,207	4,031	4,392
Other manufactures			
Machinery and non-transport equipment	1,276	1,390	1,492
Chemicals, fertilizers (excl. crude), plastics, etc.	639	873	1,082
Transport equipment	400	516	619
Leather, rubber, other materials, furniture, clothing, etc.	244	253	290
Miscellaneous manufactures and beverages	497	552	622
Total	3,056	3,583	4,107
Manufactures (sum of processed minerals and metals and other)	7,263	7,614	8,499
Confidential	290	881	1,204
Total overseas exports of merchandise goods^(b)	66,486	74,262	87,293

(p) Preliminary.

(a) Based on the Standard International Trade Classification (SITC), Revision 3.

(b) Sugar and some processed metal exports are not available at the state level and therefore the State total understates the actual amount of exports.

(c) Includes Queensland Treasury's estimate of coal exports which have been confidentialized by the ABS.

(d) Includes Queensland Treasury's estimate of alumina exports which have been confidentialized by the ABS.

(e) Includes Queensland Treasury's estimate of liquefied natural gas exports which have been confidentialized by the ABS.

Note: Values have been rounded to the nearest A\$ million.

Source: ABS unpublished foreign trade data.

Queensland produces a wide variety of mineral and agricultural commodities for export. The development of large capacity rail and port facilities has increased Queensland's competitiveness in world markets and has improved access to significant Asian and European markets.

In the 2018-19 financial year, the A\$ exchange rate averaged US\$0.72 (a 7.7% depreciation on the previous year, and a 30.4% depreciation on six years ago). A sustained lower A\$ is seen as an important element in stimulating non-mining sectors of the economy, including agricultural and service exports, as they become relatively cheaper for foreign buyers. So far in 2019-20, the A\$ has depreciated further against the US\$, averaging US\$0.68 in the first five months.

Although Queensland exports to a range of overseas markets, the major destinations for Queensland merchandise are countries in Asia, which account for around 84% of all exports (see table below). China remained Queensland's largest export market in 2018-19, accounting for 33.0% of the State's overseas merchandise exports, increasing its share by 2.5 percentage points from 2017-18. Japan had been Queensland's largest export market for several decades prior to 2012-13, but its share of total exports has been trending downwards in part due to growth in exports to China. Other major export markets in 2018-19 included India, South Korea and the European Union.

The major destinations for Queensland's exports in recent years are outlined in the following table:

Queensland's Major Overseas Markets for Exports of Goods
(% of total, current prices)

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19^(p)</u>
North Asia Total	58.3	61.4	62.0
China	26.2	30.4	33.0
Japan	15.6	15.8	13.9
South Korea	12.0	10.6	10.9
Taiwan	3.9	4.0	3.8
Hong Kong	0.6	0.5	0.4
South Asia Total	21.9	20.6	21.6
India	13.9	13.2	12.4
Indonesia	1.5	1.6	1.8
Malaysia	1.1	1.4	2.4
Thailand	0.9	0.6	0.8
Singapore	1.5	0.8	0.9
North America	3.6	2.9	3.0
United States	2.4	2.1	2.1
Canada	1.2	0.8	0.8
European Union(a)	7.9	7.3	6.3
New Zealand	1.4	1.4	1.3
Brazil	2.0	1.7	1.2
Other	4.9	4.8	4.8

(a) Includes the United Kingdom.

(p) Preliminary.

Source: ABS unpublished foreign trade data.

Tourism Exports

Following strong growth in recent years, the number of overseas tourist nights spent in Queensland fell 0.6% in 2018-19, to 36.0 million nights. Overall, the United Kingdom was the largest individual source of international tourist nights to Queensland in 2018-19, at 4.33 million nights, ahead of New Zealand (4.05 million) and China (3.78 million). International tourist nights from Asia have grown strongly over the past five years (up 36.3% to 15.36 million nights), with China (up 61.7% to 3.78 million), India (up 99.2% to 1.55 million) and Taiwan (up 29.2% to 2.46 million) the largest contributors to growth over this period.

Overseas tourist^(a) nights by source, Queensland (thousand nights)

	2016-17	2017-18	2018-19
New Zealand	3,815	4,108	4,050
China	3,744	4,461	3,776
Japan	2,523	2,362	2,124
Taiwan	2,004	2,273	2,464
South Korea	2,050	1,963	1,932
Other Asia	4,668	4,913	5,061
United Kingdom	4,134	4,200	4,329
Germany	1,911	1,942	1,641
Other Europe	4,399	4,820	4,784
United States	1,771	1,835	1,885
Other Countries	3,634	3,375	3,988
Total	<u>34,653</u>	<u>36,250</u>	<u>36,035</u>

(a) Tourists are defined as people visiting friends/relatives or holidaying.

Source: Tourism Research Australia.

Interstate tourists are also an important tourism market for Queensland and have traditionally contributed more to Queensland economic activity than international tourism. In 2017-18 (latest available), Queensland's interstate tourism gross value added (GVA) was the second highest of all states, at A\$3.4 billion, slightly behind New South Wales (A\$3.6 billion).

Interstate tourist nights to Queensland rose 11.7% in 2018-19, following growth of 3.1% in the previous year.

Overseas Merchandise Imports

The nominal value of Queensland's overseas merchandise imports rose 7.3% to A\$49.0 billion in 2018-19. The increase in the value of imports was the result of growth in mineral fuels, petroleum and lubricants (up A\$1.2 billion), other manufactured goods (up A\$0.8 billion), and other machinery and transport equipment (up A\$0.4 billion).

The value of Queensland's imports in recent years is outlined in detail in the following table:

**Overseas Merchandise Imports, Queensland
(A\$ million at current prices)**

Import Categories^(a)	2016-17	2017-18	2018-19^(p)	Annual change, 2017-18 to 2018-19 %
Live animals, food, beverages & tobacco	2,000	2,058	2,226	8.2
Mineral fuels, petroleum and lubricants	6,914	8,958	10,136	13.1
Chemicals	2,250	2,312	2,433	5.2
Road motor vehicles	7,463	8,698	8,609	-1.0
Other machinery and transport equipment	8,897	10,665	11,024	3.4
Other manufactured goods	8,847	9,997	10,840	8.4
Other	2,823	2,998	3,752	25.1
Total overseas imports of goods	39,194	45,688	49,020	7.3

(a) Based on the Standard International Trade Classification.

(p) Preliminary.

Note: Values have been rounded to the nearest A\$ million.

Source: ABS unpublished foreign trade data.

Population and Employment

As at June 30, 2019 (latest data available), Queensland's estimated resident population was 5.10 million, accounting for 20.1% of Australia's population. Population growth in Queensland has picked up in recent quarters following a period of moderation from September quarter 2012 to September quarter 2015. Over the year to June quarter 2019, Queensland's population grew by 1.7%, slightly stronger than national population growth of 1.5% over the same period.

Net interstate migration remained strong in the year to June quarter 2019, at 22,831 persons. Net overseas migration continued to strengthen, from 27,741 persons over the year to June quarter 2018 to 32,963 over the year to June quarter 2019. Natural increase (births minus deaths) contributed 29,882 persons over the year to June quarter 2019.

In year average terms, Queensland's employment rose 1.5% in 2018-19, following growth of 4.1% in the previous year. Employment growth was higher in South East Queensland (up 1.6%), than it was in regional Queensland (up 1.2%). The growth in South East Queensland was concentrated in service related industries.

Queensland's labor force participation rate fell 0.2 percentage point in 2018-19, following a large rise in 2017-18 (up 1.4 percentage points), as people encouraged by strong employment growth in 2017-18 re-entered the labor market. With the labor force growing (up 1.6%) by slightly more than employment in 2017-18, the year-average unemployment rate rose marginally, from 6.0% to 6.1%.

In 2018-19, public administration, education, accommodation and food services, wholesale trade and mining were the largest contributors to Queensland's employment growth, more than offsetting declines in retail trade, rental and real estate, support services, other services and transport employment. Mining industry employment (which accounted for around 2.7% of total employment in 2018-19) continued to rebound in 2018-19, but remains well below its peak in 2013-14. Health care, Queensland's largest employing industry since 2010-11, has accounted for 35% of employment growth in Queensland over the past five years.

The following tables show employment by industry for Queensland and the rest of Australia and average annual growth over the six years to 2018-19.

Employed Persons by Industry, Queensland^(a)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2013-14 to 2018-19 Average annual % change</u>
	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	
Agriculture, Forestry & Fishing	55.3	54.8	58.7	52.4	63.0	69.6	4.7
Mining	77.3	64.8	57.8	57.5	61.0	68.2	-2.5
Manufacturing	177.5	167.0	168.9	164.5	170.4	171.2	-0.7
Electricity, Gas, Water & Waste Services	33.4	32.1	31.0	24.6	33.0	30.0	-2.1
Construction	229.3	216.5	208.3	229.3	238.8	236.0	0.6
Wholesale Trade	67.7	69.7	68.5	64.4	64.4	73.3	1.6
Retail Trade	268.7	251.6	254.9	253.6	262.0	253.1	-1.2
Accommodation & Food Services	148.7	177.0	166.5	180.8	181.9	192.6	5.3
Transport, Postal & Warehousing	125.4	122.6	132.8	132.4	140.5	136.3	1.7
Information Media & Telecommunications	30.5	31.5	32.9	35.7	28.4	33.3	1.8
Financial & Insurance Services	53.8	59.1	66.9	63.3	62.1	65.9	4.2
Rental, Hiring & Real Estate Services	48.0	48.0	48.8	50.0	47.9	42.5	-2.4
Professional, Scientific & Technical Services	163.7	182.1	177.1	171.9	169.4	169.3	0.7
Administrative & Support Services	83.4	82.0	85.3	80.1	90.6	85.5	0.5
Public Administration & Safety	151.2	152.0	149.9	162.7	149.7	168.2	2.2
Education & Training	175.6	181.3	197.3	189.0	203.1	217.9	4.4
Health Care & Social Assistance	281.7	292.1	314.0	312.5	351.3	350.6	4.5
Arts & Recreation Services	39.9	42.2	41.6	43.2	45.2	43.6	1.8
Other Services	102.8	105.4	104.3	102.3	106.3	101.8	-0.2
Total^(b)	<u>2,313.9</u>	<u>2,331.7</u>	<u>2,365.6</u>	<u>2,370.3</u>	<u>2,469.0</u>	<u>2,509.0</u>	<u>1.6</u>

(a) Yearly average.

(b) Industry estimates of employment are compiled on the mid-month of each quarter. Therefore, the total of industry employment does not match the aggregate monthly estimates of employed persons.

Note: Due to rounding, amounts may not add to totals.

Source: ABS 6291.0.55.003.

Employed Persons by Industry, Rest of Australia^(a)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2013-14 to 2018-19 Average annual % change</u>
	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	(<u>'000</u>)	
Agriculture, Forestry & Fishing	256.5	262.4	262.0	251.9	266.3	263.8	0.6
Mining	185.3	156.4	162.9	161.4	161.8	178.4	-0.7
Manufacturing	749.4	747.7	710.5	744.0	736.0	734.5	-0.4
Electricity, Gas, Water & Waste Services	117.4	110.0	112.5	112.8	115.8	123.9	1.1
Construction	792.4	813.7	841.2	856.5	932.2	929.5	3.2
Wholesale Trade	324.3	319.6	304.0	298.9	301.2	316.7	-0.5
Retail Trade	950.5	984.5	1,014.2	985.7	1,024.7	1,025.1	1.5
Accommodation & Food Services	609.5	641.6	661.5	682.4	708.4	708.4	3.1
Transport, Postal & Warehousing	462.7	480.8	490.9	486.5	499.8	521.3	2.4
Information Media & Telecommunications	166.6	181.1	177.8	180.5	192.7	181.5	1.7
Financial & Insurance Services	361.0	351.4	366.8	373.8	368.8	379.4	1.0
Rental, Hiring & Real Estate Services	155.3	163.6	163.4	159.1	164.2	169.8	1.8
Professional, Scientific & Technical Services	739.5	789.5	819.2	846.6	858.7	935.1	4.8
Administrative & Support Services	302.5	309.6	337.9	350.4	325.0	343.8	2.6
Public Administration & Safety	596.1	577.1	591.0	614.2	588.1	667.3	2.3
Education & Training	719.6	742.9	743.1	792.9	822.0	823.8	2.7
Health Care & Social Assistance	1,112.3	1,142.3	1,223.7	1,251.1	1,321.4	1,333.6	3.7
Arts & Recreation Services	162.6	185.3	186.8	176.6	201.6	205.7	4.8
Other Services	379.3	373.8	368.5	384.0	392.3	402.7	1.2
Total^(b)	<u>9,142.4</u>	<u>9,333.3</u>	<u>9,537.8</u>	<u>9,709.4</u>	<u>9,980.9</u>	<u>10,244.2</u>	<u>2.3</u>

(a) Yearly average.

(b) Industry estimates of employment are compiled on the mid-month of each quarter. Therefore, the total of industry employment does not match the aggregate monthly estimates of employed persons.

Note: Due to rounding, amounts may not add to totals.

Source: ABS 6291.0.55.003.

Prices

The Brisbane consumer price index (“CPI”) rose 1.6% in 2018-19, slightly lower than in 2017-18 (1.7%). This compares to an average annual growth in Brisbane’s consumer prices of 2.6% since the Reserve Bank of Australia’s adoption of inflation targeting in 1993-94. The national CPI rose 1.6% in 2018-19.

Income

Queensland recorded growth in average weekly earnings of 4.1% in 2018-19, compared with 2.7% growth nationally. The most recent figures available for average weekly earnings and household income per capita are listed below:

Measures of Income

<u>State</u>	<u>Household Income per capita 2018-19</u> A\$	<u>Average Weekly Earnings 2018-19</u> A\$
Queensland	60,543	1,197
New South Wales	68,014	1,275
Victoria	58,347	1,200
South Australia	61,527	1,082
Western Australia	70,340	1,305
Tasmania	57,185	1,049
Australia	64,335	1,232

Sources: ABS 5220.0 and 6302.0.

Wages Policy

Wage bargaining at the enterprise level has become widely accepted in Australia since its introduction in October 1991 and has gradually replaced the “Award” system of centralized wage-fixing as the dominant method of structured wages negotiation in Australia.

As of May 2018 (latest data available), 65.2% of Queensland workers were covered by collective agreements or awards. In comparison, 31.6% of workers were covered by individual agreements.

On December 31, 2009, Queensland legislation referred state industrial relations powers for the private sector to the Commonwealth. This referral complemented the Commonwealth legislation for a national industrial relations system, which commenced on January 1, 2010. The national industrial relations system applies to all Queensland private sector employees. Public sector and local government workers in Queensland generally remain under the state industrial relations system. As of June 2019, State and local public sector employees in Queensland totaled 384,300 persons, accounting for 15.3% of all employees in the State.

The Coalition (led by the Liberal Party of Australia) formed Federal government in September 2013, and were re-elected in July 2016 and May 2019. The current Federal Government’s policies promote enterprise bargaining, continuing a transition to a more decentralized system.

PRINCIPAL SECTORS OF THE QUEENSLAND ECONOMY

The following table shows the main components of Queensland and Australia's industry gross value added.

Queensland/Australian Gross Product-Major Industry Sectors, 2018-19^(a)
(CVM, 2017-18 reference year)

Sector	Queensland (A\$ millions)	Australia (A\$ millions)	Queensland as a share of Australia (%)
Agriculture, forestry and fishing	8,516	40,702	20.9
Mining	43,454	160,614	27.1
Manufacturing	21,008	105,267	20.0
Construction	26,646	136,792	19.5
Services ^(b)	236,816	1,315,391	18.0
Total	336,439	1,758,767	19.1

- (a) Based on industry gross value added. Gross value added refers to the value of output at basic prices minus the value of intermediate consumption at purchasers' prices. Basic prices valuation of output removes the distortion caused by variations in the incidence of commodity taxes and subsidies across the output of individual industries.
- (b) Includes electricity, gas, water & waste services, wholesale trade, retail trade, accommodation & food services, transport, postal & warehousing, information, media & telecommunications, finance & insurance services, rental, hiring & real estate services, professional, scientific & technical services, administrative & support services, public administration & safety, education & training, health care & social assistance, arts & recreation services, other services and ownership of dwellings.

Source: ABS 5220.0.

Mining

Over the past decade, the mining sector has been a significant contributor to Queensland's economy.

Queensland has large reserves of coal, bauxite, gold, copper, silver, lead and zinc, as well as large "unconventional" resources of coal seam natural gas.

Three major CSG-to-LNG projects commenced production in Queensland in 2015, with a total capital expenditure in excess of A\$60 billion.

The first LNG was exported from the Queensland Curtis LNG project in January 2015, and 2015-16 saw the first year of substantial LNG exports, with all LNG "trains" becoming operational by October 2016. LNG has become Queensland's second largest goods export after coal, with an estimated nominal value of around A\$15.7 billion in 2018-19.

In 2018-19, Queensland accounted for 27.1% of the nation's total mining output (CVM). Industry output has grown at an average annual rate of 7.2% in the five years to 2018-19.

In 2018-19, Queensland's mining industry accounted for 12.9% of the State's total industry gross value added (CVM), while 68,200 people were directly employed (2.7% of total employment) in the mining industry.

The Queensland mining industry is a major source of export earnings and makes a substantial contribution to capital investment and regional development. Mining also provides a base for a number of the State's leading value-added industries.

Coal

Coal is Queensland's most valuable export commodity. In 2018-19, the value of coal exports (this includes Queensland Treasury's estimate of coal exports which have been confidentialized by the Australian Bureau of Statistics ("ABS"), such as pulverized coal injection exports) accounted for 53.1% of Queensland's total merchandise exports. Higher coal prices (up 11.3%) and greater export volumes (up 2.3%) contributed to the value of coal exports rising by 13.9%, to A\$46.3 billion in 2018-19.

The value and quantity of selected minerals produced in Queensland from 2013-14 to 2018-19 are shown in the following tables.

Queensland Key Resources Production – Estimated Value^(a) (A\$ millions)

Mineral	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Black coal ^(b)	25,801	24,385	22,142	37,746	42,703	47,891
Copper	2,224	2,186	1,826	1,765	1,996	2,104
Gold	857	854	1,069	1,193	1,127	1,001
Bauxite ^(b)	794	1,022	1,092	1,049	1,087	1,293
Lead	1,113	1,094	871	755	708	827
Zinc	2,026	2,768	1,556	1,204	1,548	2,461
Total	32,815	32,309	28,556	43,712	49,169	55,577

(a) Value of production does not include transport or handling costs or other by-products such as coke or briquettes in the case of coal. Value of production is calculated using Queensland's production volumes and the Australia price for each commodity.

(b) Estimated based on Queensland's unit export price.

Source: Office of the Chief Economist, ABS and Queensland Treasury.

Queensland Key Resources Production – Volume

Mineral	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Black coal ('000t)	228,896	241,725	240,097	237,337	249,663	251,223
Copper ('000t)	291	287	272	247	227	244
Gold (kg)	17,196	16,489	18,955	19,695	19,084	16,213
Bauxite ('000t)	26,237	27,434	28,102	30,041	32,030	35,829
Lead ('000t)	486	461	370	270	226	296
Zinc ('000t)	947	1,045	644	359	376	660
Crude oil (megaliters) ^(a)	562	522	445	384	413	292
Natural gas (million cubic meters) ^{(a)(b)}	9,007	13,273	26,764	37,094	41,834	19,581

(a) Only first 6 months for 2018-19.

(b) Conventional and unconventional.

Source: Queensland Department of Natural Resources, Mines and Energy.

Agriculture

The agriculture, forestry and fishing industry in Queensland accounted for 2.5% of Queensland's industry gross value added (CVM) and 20.9% of Australia's total agricultural output in 2018-19. The bulk of Queensland's agricultural production has traditionally been exported, providing a significant contribution to Queensland's foreign earnings.

In 2018-19, more than half of the nominal gross value of Queensland's agricultural production was derived from four products – beef, sugar cane, cereals and cotton, each of which is produced primarily for export.

Queensland also produces tropical and citrus fruits, rice, cotton, vegetables, timber, peanuts, oilseeds, eggs and dairy products, principally for domestic markets.

According to the Queensland Department of Agriculture and Fisheries, the nominal value of Queensland's agricultural production fell 5.5% in 2018-19. This was driven by falls in the gross value of cotton (down 36.1% to A\$0.6 billion), cereals (down 25.4% to A\$0.9 billion) and sugar cane (down 11.9% to A\$1.1 billion).

The following table presents figures on the nominal gross value and volume of agricultural commodities produced in Queensland over the five years to 2018-19.

Queensland's Major Agricultural Commodities – Nominal value and volume of production

	2014-15	2015-16	2016-17	2017-18	2018-19 ^(a)
Gross Value (A\$m)					
Cattle and calves	5,076	5,861	5,483	5,248	5,447
Poultry	588	590	650	561	570
Pigs	270	320	293	248	216
Sheep and lambs	66	58	9	11	17
Sugar cane	1,239	1,209	1,527	1,234	1,087
Wool	61	62	76	98	85
Cereals	1,203	1,343	1,638	1,203	898
Fruit and vegetables and nuts	2,684	2,893	2,921	3,301	3,180
Dairying (total whole milk production)	235	237	251	230	201
Cotton	383	466	622	882	564
Other	1,503	1,537	1,604	1,795	1,730
Total agriculture	13,308	14,576	15,074	14,811	13,995
Volume of Production					
Beef and veal ('000 tonnes)	1,244	1,107	1,025	1,077	1,111
Sugar cane ('000 tonnes) ^(b)	30,816	32,655	34,410	31,472	30,489
Wool (tonnes) ^(c)	4,909	3,971	4,763	5,042	3,953
Wheat ('000 tonnes)	987	1,316	1,502	765	400
Cotton lint ('000 tonnes)	194	234	316	320	164

(a) Gross value figures are forecasts provided by the Queensland Department of Agriculture and Fisheries, with the exception of the nurseries component of "Other". This is a Queensland Treasury estimate which is consistent with ABS historical data.

(b) Calendar year data

(c) Taxable wool received by brokers and purchased by dealers from wool producers.

Sources: ABS 7215.0; ABS 7218.0; Queensland Department of Agriculture and Fisheries *Queensland AgTrends 2019-20*; Australian Sugar Milling Council; Australian Government Department of Agriculture and Water Resources; *Australian Crop Report December 2019*.

Other Primary Industries

Forestry and logging

The value of Queensland's forestry and logging production is estimated to have risen 3.3% to A\$279 million in 2018-19. Demand for wood is largely determined by demand for the construction of new dwellings and alterations and additions to existing dwellings.

Fisheries

The value of Queensland's fisheries production is estimated to have risen 4.8% to A\$395 million in 2018-19. Commercial fishing operations constituted 46% of the fisheries output (in value terms), with the remaining portion sourced from aquaculture and recreational fishing.

Manufacturing

In 2018-19, the manufacturing industry accounted for 6.2% of Queensland's industry gross value added (CVM). Queensland's share of Australia's total manufacturing output was 20.0% in 2018-19.

Historically, manufacturing in Queensland was developed to service and process the State's agricultural and mineral resources. In common with most industrialized nations, the relative importance of manufacturing has declined in Australia in favor of service-based industries over time.

The nominal value of overseas exports of Queensland's manufactured goods, including processed minerals and metals, totaled A\$17.2 billion in 2018-19, up 8.6% from the previous year.

Construction

The Queensland construction industry directly contributed 7.9% to State GVA, whilst also providing 9.4% of employment in the State in 2018-19.

- Dwelling investment fell 1.8% in 2018-19, following a 3.8% decrease in the previous year.
 - Dwelling investment in Queensland is entering a "recovery phase", following an unprecedented surge in apartment construction between 2013-14 and 2015-16, particularly in inner Brisbane, which led to concerns about an oversupply in the market.
 - Since that time, approvals and construction of attached dwellings have fallen significantly, constraining the outlook for dwelling investment, which is not expected to return to growth until 2020-21.
- Non-dwelling construction—which consists of non-residential building (shops, offices, factories, etc.) and engineering construction (mines, ports, roads, etc.)—fell 14.9% in 2018-19.
 - New engineering construction in Queensland fell 11.0% in 2018-19, following a rise of 20.8% in 2017 18, which was driven by renewable energy projects. The fall in 2018 19 reflects a wind-down from the strong growth in 2017 18 and a moderation in business confidence.
 - Non-residential building construction fell 19.3% in 2018-19. The decline in the year was driven by a fall in the construction of offices, accommodation and entertainment/recreation buildings, which more than offset a rise in warehouse construction.

Services

Transport

Queensland has 15 trading ports, most of which are equipped with bulk handling facilities for the major products of their respective regions. In addition, Queensland has two community ports and a number of non-trading ports located at regular intervals from Maryborough in the south-east to Burketown in the north-west. The Queensland railway network encompasses over 10,000 kilometers of track, which includes the electric main railroad line and heavy haul lines serving the major coal mines in Central Queensland.

Competition has been introduced into rail freight with the privately owned Pacific National active in Queensland, while the coal and freight components of the previously government owned Queensland Rail (now “Aurizon”) have been privatized. Rail freight operators also compete with road haulage companies for Queensland’s freight. Commodities which are moved substantially by rail include coal and minerals. Substantial amounts of containerized freight are hauled by both rail and road.

The Queensland public road network is constantly being upgraded and extended to maintain its safety and viability.

Queensland has two major and five secondary international airports (including the privately owned Wellcamp Airport in Toowoomba which commenced international passenger flight operations in October 2016), as well as a large network of commercial domestic airports and private airfields. Brisbane Airport is the third busiest in the country behind Sydney and Melbourne. Brisbane airport is constructing a A\$1.3 billion second runway, which will effectively double its capacity.

Communications

Queensland is served on a state-wide basis by the national postal system and a number of major telecommunications companies. Two-way satellite communications are available in remote areas, providing education and other services to isolated residents. The State has a widespread non-commercial television network principally operated by the Australian Broadcasting Corporation and the Special Broadcasting Service. In addition, three commercial television networks, each with numerous sub-channels, and a community television station operate within the State. Queensland has a widespread cable and satellite pay television service in operation, and comprehensive commercial and public radio networks.

Broadband internet services are also available in all major centers across the State. The Federal Government is currently completing the national broadband network (“NBN”), which is expected to be delivered through a “multi-technology mix” network comprising fiber-to-the-premises/basement, fiber-to-the-node, fixed wireless and satellite technologies. The NBN has the objective of providing data download rates of at least 25 megabits per second to all premises nationally, and at least 50 megabits per second for 90% of fixed line premises as soon as possible. As at January 9, 2020, a total of 2,127,675 homes/businesses have been declared as ready to connect in Queensland, while a total of 1,284,595 homes/businesses have had services activated.

Tourism

Tourism directly accounted for an estimated 3.7% of overall output (gross value added, at basic prices) in the State in 2017-18 (latest estimate available). The success of tourism in Queensland is to a great extent attributable to certain natural advantages such as a favorable climate for vacations and one of the finest arrays of natural attractions in Australia, including the Great Barrier Reef and its islands, hundreds of kilometers of beaches, large wilderness areas, mountain panoramas, national parks, the tropical north, the Darling Downs and the Outback.

South of Brisbane is the Gold Coast, Australia's largest and most popular resort area. The Gold Coast is famous for its 32 kilometers of beaches which provide facilities for surfing, fishing, cruising and a variety of other sporting activities. West of the coast, the rugged rainforest-covered slopes of the MacPherson Range extend the Gold Coast's appeal to include mountain climbing, bushwalking, horse riding, national parks, waterfalls, and panoramic views. The Gold Coast's natural attractions have been supplemented by developments including theme parks, world class golf courses, extensive canal developments and internationally-recognized restaurants and entertainment venues.

The Great Barrier Reef is a major attraction for both domestic and international tourists, and resorts have been developed on islands and centers on the coast. The waters of the Great Barrier Reef offer some of the best fishing in the world, and Cairns has become an international center for big-game fishing, notably for black marlin. The Whitsunday Coast, on the mainland near the Whitsunday group of islands, has developed in the last decade in response to the increasing popularity of the Great Barrier Reef and its islands. The area offers reef and island holidays with daytrips and extended cruises to places of interest.

A total of 2.4 million international tourists (defined as those arriving for holiday or visiting friends and relatives) visited Queensland in 2018-19. In total, they spent 36.0 million nights in the State with an average length of stay of 15.0 nights. The number of international tourists in Queensland fell 0.2% in 2018-19, while the number of tourist nights also fell slightly (down 0.6%).

Traditionally, domestic tourism has been a larger market than international tourism in Queensland, although a significant amount of domestic tourism is from intrastate (Queenslanders travelling within Queensland). Tourists from interstate spent a total of 34.8 million nights in Queensland in 2018-19, up 11.7% from the previous year.

FINANCIAL RELATIONSHIP WITH THE COMMONWEALTH OF AUSTRALIA

Prior to 1927, each state and the Commonwealth undertook borrowings on their own behalf, both domestically and in overseas financial markets. Limitations in the size of the capital markets and the inherent competition between the states and the Commonwealth led to the Financial Agreement in 1927 (the “Financial Agreement”), recognizing that it was in the interests of all to cooperate when borrowing in these markets. This agreement established the Australian Loan Council and the State Government’s Loan Council Program (the “Loan Program”) to determine and coordinate the public borrowings of the Commonwealth and the State Governments.

Until the early 1970s, the Loan Program was the main source of funds for capital expenditure by the states. However, states found it increasingly necessary to rely on borrowing by semi-government authorities to fund capital expenditures. Most states established central borrowing authorities (such as Queensland Treasury Corporation) to co-ordinate the borrowings of semi-government authorities.

The June 1990 Loan Council meeting agreed that the states would progressively take over responsibility for the debt issued by the Commonwealth on their behalf under the Financial Agreement, and that the Financial Agreement would be amended to permit the States to borrow in their own names in domestic and overseas markets.

This debt has now been fully taken over by the states and territories. The Loan Council decision has also meant that from June 30, 1990, there have been no additional allocations of Commonwealth Government securities to the states and territories.

Overall, these arrangements replaced Commonwealth debt to the private sector with state and territory debt; they did not alter the financial position of the public sector as a whole. They did, however, represent a significant structural reform in Commonwealth-state financial relations. They placed full responsibility on the states and territories for the financing and managing of their own debt, thereby subjecting the fiscal and debt management strategies of individual state governments to greater scrutiny by the community and financial markets.

From 1993-94, new Loan Council monitoring and reporting arrangements applied to the financing activities of Commonwealth and state governments. The major feature of these Loan Council arrangements was the switch in focus from gross borrowings to an aggregate based on net borrowings as indicated by a jurisdiction’s deficit/surplus, with the latter being a more meaningful indicator of the impact of the public sector on the economy.

Under the Loan Council arrangements, the Commonwealth and each state and territory was responsible for nominating its intended allocation, known as the Loan Council Allocation (“LCA”), based on its net borrowings adjusted to reflect certain transactions which may have the characteristics of borrowings but do not constitute formal borrowings (for example, finance and operating leases). The emphasis of the arrangements is on credible budgetary processes rather than on the Loan Council attempting to enforce rigid compliance with a particular LCA.

From 2018, the Loan Council unanimously agreed to remove Loan Council reporting requirements from the Uniform Presentation Framework (“UPF”) in an effort to reduce the administrative burden on jurisdictions. States and the Commonwealth will no longer report on Loan Council Allocations as part of their Budgets or other financial statements.

The Loan Council also agreed that the administration of the UPF will be transferred from the Loan Council to the Council of Federal Financial Relations (CFFR). In recognition of the reduced responsibilities resulting from these decisions, the Commonwealth does not intend to call another meeting of the Loan Council, unless future circumstances require it to reconvene.

While this change is designed to reduce states' administrative burden, it is not expected to impact the financing operations of Queensland.

State Borrowing Guarantee

On March 25, 2009, the Australian Government announced that it would provide a time-limited, voluntary guarantee over state government borrowings for a fee based on the underlying credit rating of the State. The legislation was passed by the Federal Parliament and received Royal Assent on June 29, 2009, becoming operational on July 24, 2009. Queensland announced on June 16, 2009 that it intended to apply the guarantee to all existing Australian dollar benchmark bond lines which (at that time) had a maturity date between 12 months and 15 years. The Reserve Bank of Australia approved QTC's application for the Commonwealth Government Guarantee ("CGG") to be applied to its selected domestic bonds on September 18, 2009 and has issued CGG-eligibility certificates.

On February 7, 2010, the Australian Government announced the withdrawal of its guarantee of new State borrowings undertaken after December 31, 2010. All existing CGG bonds will continue to be guaranteed until maturity or when the bonds are bought back and extinguished by the State.

Since the withdrawal of the CGG, in order to re-establish a State Government Guaranteed ("SGG") yield curve, QTC has issued SGG bond lines in parallel to the existing CGG lines and also to fill maturity gaps. QTC also continues to offer investors (at its discretion) opportunities to swap some CGG lines for SGG lines.

Commonwealth Grants

Since World War II, the Commonwealth has acted as the sole income taxing authority, and annual general revenue grants have been paid by the Commonwealth to the states. The Commonwealth also has exclusive constitutional power to impose an excise duty, a goods and services tax and a customs duty. The Commonwealth raises no wealth taxes, estate or gift duties. The states impose payroll taxes, stamp duties and land taxes, and local governments impose taxes based on the ratable value of real property.

At the 1985 Premiers' Conference it was agreed that tax sharing arrangements then in operation should be replaced by financial assistance grants to the states. The Commonwealth Grants Commission continued to make recommendations for the distribution of these general purpose payments based on the principle of horizontal fiscal equalization. This principle requires state governments to receive funding such that, if each made the same effort to raise revenue from its own sources and operated at the same level of efficiency of service delivery, each would have the capacity to provide services and associated infrastructure to the same standard.

Financial assistance grants were paid in addition to grants provided by the Commonwealth to the states for specified purposes or with conditions attached. Although these grants for specific purposes have existed for much of the period since federation, their importance as a form of Commonwealth grant has increased significantly since the 1970s.

Commonwealth-State Relations – the GST

The introduction of a Goods and Services Tax ("GST"), a broad-based consumption tax, was the cornerstone of national tax reform introduced by the Commonwealth Government on July 1, 2000. The reforms included significant changes to Commonwealth-State financial relations. All Australian governments signed an Intergovernmental Agreement on the Reform of Commonwealth-State Financial Relations.

The main features of the Agreement included:

- the provision to the States of all revenue from the GST. The principle of horizontal fiscal equalization was endorsed as the method for distributing GST revenue amongst the states;
- the abolition of financial assistance grants to the states; and
- the abolition of a number of state taxes. In Queensland's case, this includes the abolition of nine taxes over time in order to improve the overall efficiency of the national taxation system.

In 2019-20, it is expected that Queensland will receive around A\$13.868 billion in GST revenue, as published in the 2019-20 Commonwealth MYEFO. Queensland is currently assessed by the Commonwealth Grants Commission as requiring more than an equal per capita share of the GST distribution.

The Intergovernmental Agreement on Federal Financial Relations

On March 26, 2008, the Council of Australian Governments agreed to implement a new framework for federal financial relations. The focus of the new framework was to significantly reduce Commonwealth prescriptions on service delivery by the states, in conjunction with clearer roles and responsibilities and outcomes-based public accountability.

A new agreement—the Intergovernmental Agreement on Federal Financial Relations—commenced on January 1, 2009. The main features of the new framework included:

- a reduction in the number of specific purpose payments, without reducing the overall level of payments. A large number of these payments were aggregated into five broader streams of funding supported by new national agreements in the areas of health care, schools, skills and workforce development, disability services, and housing.
- a focus on outcomes that improve the well-being of Australians, through improvements in the quality, efficiency and effectiveness of government service delivery, with reduced Commonwealth prescriptions on how the States achieve outcomes or deliver services, and enhanced accountability to the public for outcomes achieved or outputs delivered.
- greater funding certainty to the States, with the new national agreements to be ongoing with periodic reviews to ensure the maintenance of funding adequacy and the relevance of objectives.
- the provision of National Partnership payments by the Commonwealth to the States to support the delivery of specified projects and facilitate or reward nationally significant reforms.
- the continued provision of all GST revenue to the States.

An ongoing task for Queensland and other governments is to ensure the original intent of the framework is maintained, given the different and competing priorities sometimes facing state, territory and Australian Governments.

National Health reform

The National Health Reform Agreement (“NHRA”) commenced on July 1, 2012. Under this arrangement, growth in Commonwealth funding for public hospitals was primarily based on 45% of the efficient costs of additional hospital activity—to increase to 50% in 2017-18. For smaller hospitals not deemed suitable for activity-based funding, the Commonwealth funded 45% of the efficient operational cost growth.

From July 1, 2017, an Addendum to the NHRA saw the continuation of the link between Commonwealth funding and activity levels. However, under the terms of the Addendum, Commonwealth growth funding was maintained at 45% for the three years spanning 2017-18 to 2019-20 and the Commonwealth contribution was capped at 6.5% growth per annum in national funding.

A new Addendum to the NHRA to cover July 1, 2020 to June 30, 2025 is currently under negotiation. All jurisdictions are party to a 2018 Heads of Agreement on public hospital funding and health reform ("HoA"), which maintains the current public hospital funding arrangements and includes a commitment to implement six long-term system-wide health reforms. Under the terms of the HoA, Commonwealth has estimated its funding contribution for public hospital services in Queensland will be A\$30.1 billion over the period of the Addendum.

National Disability Insurance Scheme (the "NDIS")

The NDIS reached a major milestone with Queensland and the Commonwealth Governments entering into a full scheme agreement ("FSA") on July 9, 2019.

The NDIS is fully available in all areas of Queensland and to all eligible Queenslanders. However, in recognition of the delayed transition of participants, both levels of governments agreed to a temporary continuation of the terms of the NDIS Transition Bilateral Agreement, with the FSA to commence in 2020-21.

From commencement of the FSA, Queensland will make fixed contributions of A\$2.13 billion per annum (full-year value for 2020-21), escalated at 4% annum until the 2028 review of scheme costs (at which point escalation rates will be reviewed).

The Commonwealth Government has committed to paying the balance of NDIS costs in Queensland, and will also provide Queensland with access to A\$1.95 billion in DisabilityCare Australia Fund (DCAF) payments between 2019-20 and 2023-24.

Quality Schools

Australian Government funding for Queensland Government schools under the Quality Schools policy will be A\$1.882 billion in 2019-20 (A\$8.364 billion over four years to 2022-23). Non-government schools funding will be A\$2.690 billion in 2019-20 (A\$11.760 billion over four years to 2022-23).

In December 2018, the Queensland Government finalized a new five-year school funding agreement with the Australian Government to cover calendar years 2019 to 2023. This provides funding certainty to all Queensland schools and sectors, sets out the Queensland Government's school funding contributions for the five years to December 2023, and secured approximately \$24.3 billion in Australian Government funding to Queensland government and non-government schools over 2019 to 2023.

2019 Commonwealth Grants Commission ("CGC") Report on GST Revenue Sharing Relativities

In February 2019, the CGC released the results of the CGC's Report on GST Revenue Sharing Relativities – 2019 Update (the "2019 CGC Update Report") which considered changes in state circumstances to determine the distribution of GST. The 2019 CGC Update Report recommended a decrease in Queensland's share of GST revenue, with an underlying impact of A\$583 million in 2019-20. The 2019 CGC Update Report outcome encompasses the impact of methodology changes on states' GST shares, as well as the impact of changes to states' circumstances and revisions to the data used in the CGC's assessments.

A decrease to Queensland's GST share is based on the CGC's determination that Queensland has higher fiscal capacity to meet its necessary expenses compared to other states. Queensland is assessed to have higher capacity to raise mining royalties as a result of higher coal prices and a greater share of Commonwealth payments. The GST share was further reduced by a CGC decision to change to no longer recognize local government natural disaster recovery expenses. The GST impact of these factors were partially offset by Queensland's below average growth in land values which reduced the State's share of taxable land values and increased its GST share.

QUEENSLAND GOVERNMENT FINANCES

State Budgetary Strategy

The Budget for each fiscal year is normally presented by the Treasurer to the Legislative Assembly in June prior to the commencement of the fiscal year, and incorporates details of estimated actual revenue and expenditures in the current fiscal year and budgeted revenue and the expenditure of moneys in the next and following three fiscal years. Approval for the raising of revenue is provided under various existing acts of Parliament while Parliament approves expenditure via the *Appropriation Acts* (the "Appropriation Acts") on a yearly basis.

With the Budget generally presented to Parliament in June, the Appropriation Acts are passed by Parliament around August/September after the Budget Estimates hearings. The Appropriation Acts approve expenditure for the upcoming financial year (i.e., the Budget year). These Appropriation Acts also approve an aggregate amount of expenditure sufficient to provide for the normal services of Government for the first few months of the next succeeding financial year, until the Appropriation Bill receives Royal Assent. There is one Appropriation Act for the Legislative Assembly and one for all other agencies.

2018-19 State Budget and Mid-Year Fiscal and Economic Review (each such annual review, the "MYFER")

The 2018-19 Budget, handed down on June 12, 2018, delivered on the commitments made by the Palaszczuk Government, and focused on delivering the infrastructure to create jobs and the services that our State's growing population needs.

The Government demonstrated its commitment to delivering the services and infrastructure the community needs in a financially sustainable manner. Net operating surpluses were projected in each year of the forward estimates, despite an expectation that revenue would decline in 2018-19 driven by a substantial reduction in funding from the Australian Government. Operating expenses were forecast to grow at a sustainable rate, averaging 2.9% per annum over the five years to 2021-22.

An A\$45.8 billion capital program over four years, including A\$33.2 billion in the General Government sector, was budgeted to deliver infrastructure that supported economic growth, enhance productivity, provide employment opportunities and manage the pressures of strong population growth. This level of investment was to be partly funded through borrowings. Even so, General Government borrowings were expected to be lower in each year of the forward estimates than projected in the 2017-18 Budget. In 2021-22, it was expected the General Government borrowings would remain below the peak level reached in 2014-15.

Importantly, to meet the needs of Queensland's growing population, the Government's 2018-19 capital works program included a A\$4.9 billion investment in roads and transport infrastructure. This included an allocation of A\$733 million for the Cross River Rail Delivery Authority in 2018-19 to continue to progress the planning, procurement and development associated with the A\$5.4 billion Cross River Rail project.

The 2018-19 MYFER was released on 13 December 2018. The MYFER forecast a net operating surplus of A\$524 million in 2018-19, an improvement of A\$376 million on the Budget estimate due to revenue uplifts. It also forecast General Government sector net operating balances expected to remain in surplus across the forward estimates period, despite a strong reduction in forecast GST revenue.

Revenue growth in 2018-19 was expected to be 1.6%, following growth of 3.4% in 2017-18. Over the four year period to 2021-22 revenue was forecast to grow by an average of 1.7% per annum. This was the same growth rate forecast at Budget.

Over the four year period to 2021-22, expenses were estimated to grow by an average rate of 2.4% per annum. At Budget they were forecast to grow by 2.1%. Increases in expenses over the four years partly reflected additional provision for the Queensland Government's planned increase in education funding associated with the Schools Funding Agreement negotiated. The Queensland Government's additional school education policy measures are subject to negotiations with the Australian Government in renewing the Schools Funding Agreement.

General Government sector borrowings were estimated to be A\$152 million lower in June 2021 than forecast in the 2018-19 Budget. However, the impact of a A\$555 million decrease in forecast Commonwealth Government GST revenue to Queensland in financial year 2021-22 will contribute to a A\$584 million increase in borrowings in 2021-22 compared to the 2018-19 Budget.

2019-20 Budget and MYFER

The 2019-20 Budget, handed down on June 11, 2019, focused on the Queensland regions and business, backing jobs (including development of new industries), and sustainable investment in productive infrastructure.

Announcement of a Service Priority Review Office to drive the realization of reprioritization targets, by conducting reviews of Queensland public sector agencies and programs, in response to prior years of expenses outpacing growth.

The 2019-20 Budget committed A\$49.5 billion over four years to fund construction of critical infrastructure and capital works. With an addition A\$70 million in the Building our Regions Program as part of the commitment to infrastructure programs in regional Queensland.

The budget projected surpluses over the four years with a cumulative value of A\$1.772 billion. This was assisted by high commodity prices.

The 2019-20 MYFER was released on December 12, 2019. A surplus over the four years still being reported, with A\$2.122 billion over the estimates, with the 2019-20 and 2020-21 being revised downwards due to reduced commodity prices, however savings from the Service Priority Review Office are expected to offset the reduction in revenue, especially in the outyears.

While expenses are expected to grow at an average of 2.1% over the four years, revenue is expected to reflect average growth 2.2% over the same period and supports ongoing net operating surplus over the forward estimates being achieved.

Fiscal Principles

The *Financial Accountability Act 2009* requires the Treasurer to prepare and table in the Legislative Assembly a Charter of Fiscal Responsibility. The Charter sets the Government's fiscal objectives and the fiscal principles that support those objectives.

The Treasurer must report regularly to the Legislative Assembly on progress the Government has made against the priorities stated in the Charter. This report is published each year in the Budget papers and MYFER.

In its first Budget, the Palaszczuk Government set out five fiscal principles for the responsible and measured management of the State's finances. Following consideration of the Review of State Finance, prepared by Queensland Treasury, the Government refined the principles that relate to General Government Sector debt and the size of the net operating surplus. As a result, the following six fiscal principles provided the framework for the recent budgets, including a new principle adopted in the 2016-17 Budget to manage the rate of growth in the number of public servants:

- Principle 1 – Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government Sector ("GGS") debt to revenue ratio;

- Principle 2 – Target net operating surpluses that ensure any new capital investment in the GGS is funded primarily through recurrent revenues rather than borrowing;
- Principle 3 – The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging;
- Principle 4 – Maintain competitive taxation by ensuring that GGS own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates;
- Principle 5 – Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice; and
- Principle 6 – Maintain a sustainable public service by ensuring overall growth in full-time equivalent employees, on average over the forward estimates, does not exceed population growth.

As outlined in the 2019-20 MYFER, significant progress has been made towards the achievement of the Government’s fiscal principles.

The Fiscal Principles of the Queensland Government

Principle	Indicator			
	<i>General Government debt to revenue ratio</i>			
		2019-20 Budget %		2019-20 MYFER %
Target ongoing reductions in Queensland’s relative debt burden, as measured by the General Government debt to revenue ratio		Excludes AASB 16 Impacts	Includes AASB 16 Impacts	
<i>Note: The debt to revenue ratio includes borrowings from QTC; leases and similar arrangements and securities and derivatives. Budget Paper 2 2019-20 was reported including and excluding the impact of AASB16 Leases. Going forward, the debt to revenue ratio will include AASB16 impacts.</i>	2018-19	54	54	54
	2019-20	61	64	63
	2020-21	65	69	69
	2021-22	71	74	76
	2022-23	73	76	78
	<i>General Government net operating cashflows as a proportion of net investments in non-financial assets</i>			
		2019-20 Budget %		2019-20 MYFER %
Target net operating surpluses that ensure any new capital investment in the General Government sector is funded primarily through recurrent revenues rather than borrowing	2018-19	79		106
	2019-20	60		56
	2020-21	64		56
	2021-22	55		49
	2022-23	70		64
	<i>Non-financial Public Sector purchases of non-financial assets</i>			
		2017-18 Budget (A\$ million)		2017-18 MYFER (A\$ million)
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging	2018-19	8,856		8,460
	2019-20	10,223		10,727
	2020-21	10,447		10,834
	2021-22	11,210		11,401
	2022-23	8,640		8,997

<i>General Government own-source revenue to GSP</i>		
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	2019-20 Budget	8.5%
	2019-20 MYFER:	8.5%
	Average across forward estimates:	8.2%
Target full funding of long term liabilities such as superannuation and WorkCover in accordance with actuarial advice	As at the last actuarial review (as at June 30, 2019), accruing superannuation liabilities were fully funded. The WorkCover scheme was also fully funded as at 30 June 2019.	
Maintain a sustainable public service by ensuring that overall growth in full-time equivalent (“FTE”) employees, on average over the forward estimates, does not exceed population growth	FTE growth	
	Average across forward estimates:	1.7%
	Population growth	
Average across forward estimates:	1.75%	

Table 1
Key Financial Aggregates
(UPF Basis)

	2015-16	2016-17	2017-18	2018-19
	Actual	Actual	Actual	Actual
	A\$ million			
General Government Sector:				
Revenue	50,780	56,194	58,087	59,834
Expenses	50,112	53,369	56,335	58,842
Net operating balance	668	2,825	1,753	992
Purchases of non-financial assets	4,044	4,620	5,127	5,764
Fiscal balance	-495	560	-586	-2,191
Public Non-Financial Corporations Sector:				
Revenue	11,864	14,650	13,652	14,256
Expenses	10,264	12,251	11,759	12,587
Net operating balance	1,601	2,398	1,893	1,669
Purchases of non-financial assets	2,773	2,708	2,509	2,687
Fiscal balance	1,179	2,101	1,797	1,471
Non-Financial Public:				
Revenue	57,393	64,855	66,175	68,334
Expenses	56,821	61,278	64,378	67,367
Net operating balance	572	3,577	1,797	967
Purchases of non-financial assets	6,852	7,291	7,644	8,460
Fiscal balance	-1,054	1,050	-647	-2,422

Operating Statement

2018-19 Outcome

On a Uniform Presentation Framework (UPF) basis, the General Government sector recorded an operating surplus of A\$992 million in 2018-19, compared to A\$1.753 million in 2017-18. The fiscal balance remained in deficit, increasing from A\$586 million in 2017-18 to A\$2,191 in 2018-19. The General Government fiscal deficit was due to a less substantial operating surplus and increased capital purchases compared to 2017-18.

Based on actual results, General Government expenses increased A\$2.507 million (4.45%) in 2018-19. Total expenses were A\$384 million lower than the 2018-19 estimated actual in the 2019-20 Budget, mainly due to lower than expected other operating expenses.

Revenue

Meanwhile, revenues grew 3.0% (or A\$1,747 million) in 2018-19, following an increase of 3.4% in 2017-18.

Commonwealth grants are the principal form of revenue for the State, accounting for almost half of budgeted General Government revenue, with taxes contributing around a quarter. Commonwealth and other grants increased by A\$341 million in 2018-19, mainly reflecting new health and education funding arrangements.

Increased taxation revenue in 2018-19 compared to 2017-18 (A\$921 million) with increases across all tax streams, especially payroll tax (A\$254 million).

Royalty revenue was A\$923 million higher in 2018-19 than in 2017-18, with increased coal royalties following from coal prices remaining elevated through 2018-19.

Expenses

In UPF terms, General Government expenses increased A\$2,507 million in 2018-19. The largest increases are in the areas of Health, Social Protection and Transport.

Increased expenses in 2018-19 are driven by growth funding to support ongoing demand for health services and student enrolments.

Depreciation costs increased by A\$126 million to A\$3.451 billion for the GGS, primarily reflecting increases in road and hospital infrastructure.

Purchases of non-financial assets and borrowings

Table 2 below provides data on the State's purchases of non-financial assets and borrowings.

Table 2
Borrowings
(UPF Basis)

	<u>2015-16</u> <u>Actual</u>	<u>2016-17</u> <u>Actual</u>	<u>2017-18</u> <u>Actual</u>	<u>2018-19</u> <u>Actual</u>
	(A\$ million)			
Purchases of Non-Financial Assets:				
General Government sector	4,044	4,620	5,127	5,764
Public non-financial corporations sector	2,773	2,708	2,509	2,687
Non-financial public sector¹	6,852	7,291	7,644	8,460
Borrowings:				
General Government sector	35,486	33,240	31,530	32,201
Public non-financial corporations sector	37,436	38,644	37,992	38,707
Non-financial public sector	72,922	71,884	69,522	70,908

Notes:

- (1) Under present Uniform Presentation Framework arrangements, budget and forward estimate data are not required for Public Financial Corporations, due to the difficulties in preparing robust projections of activity. No capital expenditure is assumed for this sector.

The net worth, or equity, of the State is the amount by which the State's assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector instrumentalities.

Net worth of the General Government sector for 2018-19 was A\$201,505 million as at June 30, 2019.

Borrowings in the General Government sector were A\$32,201 million at June 30, 2019, A\$671 million more than in 2017-18. Increases in borrowings can be attributed to changes in AASB 16, requiring leases to be included in borrowings figures.

Capital Program

On a UPF basis, the General Government's purchases of non-financial assets (i.e., capital expenditure) in 2018-19 was A\$5,764 million, A\$637 million more than occurred in 2017-18.

The increase relative to 2017-18 is largely attributable to expenditure associated with health and education infrastructure.

Table 3 below provides a summary of the State's Forward Estimates on a UPF basis.

Table 3
Key Financial Aggregates Forecasts (Summary) – 2019-20 MYFER

	<u>2019-20</u> <u>Forecast</u>	<u>2020-21</u> <u>Forecast</u>	<u>2021-22</u> <u>Forecast</u>	<u>2022-23</u> <u>Forecast</u>
	A\$ millions			
General Government Sector:				
Revenue	59,914	61,715	63,366	65,194
Expenses	<u>59,763</u>	<u>61,482</u>	<u>62,771</u>	<u>64,051</u>
Net operating balance	151	234	595	1,142
Purchases of non-financial assets	7,223	7,476	8,383	6,612
Fiscal balance	-4,068	-4,633	-4,597	-1,815
Public Non-Financial Corporations Sector:				
Revenue	13,051	12,510	12,838	13,438
Expenses	<u>11,690</u>	<u>11,584</u>	<u>11,663</u>	<u>11,965</u>
Net operating balance	1,361	926	1,175	1,473
Purchases of non-financial assets	3,504	3,358	3,018	2,384
Fiscal balance	637	368	1,022	1,952
Non-Financial Public Sector:				
Revenue	67,823	69,520	71,290	73,665
Expenses	<u>67,629</u>	<u>69,149</u>	<u>70,329</u>	<u>71,982</u>
Net operating balance	194	372	962	1,683
Purchases of non-financial assets	10,727	10,834	11,401	8,997
Fiscal balance	-4,749	-5,053	-4,383	-796

Table 4 below provides data on the latest forecasts and projections of the State's purchases of non-financial assets and borrowings.

Table 4
Borrowings and Purchases of Non-financial assets
(UPF Basis)

	<u>2019-20</u> <u>Forecast</u>	<u>2020-21</u> <u>Forecast</u>	<u>2021-22</u> <u>Forecast</u>	<u>2022-23</u> <u>Forecast</u>
	A\$ millions			
Purchases of non-financial assets:				
General Government sector	7,223	7,476	8,383	6,612
Public non-financial corporations sector	3,504	3,358	3,018	2,384
Non-financial public sector	10,727	10,834	11,401	8,997
Borrowings⁽¹⁾:				
General Government sector	37,966	42,738	47,928	50,970
Public non-financial corporations sector	39,890	41,015	41,272	40,825
Non-financial public sector	77,857	83,753	89,200	91,794

(1) Borrowings inclusive of leases, as per AASB 116.

EXHIBIT (g)

Consents.

CONSENT

I hereby consent to the use of (i) the Chairman's and Chief Executive's Report found on pages 4 to 5 of the Queensland Treasury Corporation's Consolidated Financial Statements for the year ended June 30, 2019 (the "Consolidated Fiscal Year Financial Statements") and (ii) the Certificate of the Queensland Treasury Corporation, dated August 21, 2019, found on page 49 of the Consolidated Fiscal Year Financial Statements, which Consolidated Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Philip Noble
Mr. Philip Noble
Chief Executive
Queensland Treasury Corporation

Date: February 10, 2020

CONSENT

I hereby consent to the use of (i) the Chairman's and Chief Executive's Report found on pages 4 to 5 of the Queensland Treasury Corporation's Consolidated Financial Statements for the year ended June 30, 2019 (the "Consolidated Fiscal Year Financial Statements") and (ii) the Certificate of the Queensland Treasury Corporation, dated August 21, 2019, found on page 49 of the Consolidated Fiscal Year Financial Statements, which Consolidated Fiscal Year Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Gerard Bradley
Mr. Gerard Bradley
Chairman, Queensland Treasury Corporation

Date: February 10, 2020

CONSENT

I hereby consent to the use of the Auditor-General's title under the heading "Experts and Public Official Documents" in connection with the information specified with respect to the Auditor-General under such heading and to the use of the Report found on pages 50 to 54 of the Queensland Treasury Corporation's Consolidated Financial Statements for the year ended June 30, 2019 (the "QTC Consolidated Fiscal Year Financial Statements"), which QTC Consolidated Fiscal Year Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Brendan Worrall

Brendan Worrall

Auditor-General, State of Queensland

Date: February 10, 2020

CONSENT

I hereby consent to the use of the Acting Auditor-General's title under the heading "Experts and Public Official Documents" in connection with the information specified with respect to the Acting Auditor-General under such heading and to the use of the Report found on pages 5-88 to 5-93 of the Government of Queensland's Consolidated Financial Statements for the year ended June 30, 2019 (the "QLD Consolidated Fiscal Year Financial Statements"), which QLD Consolidated Fiscal Year Financial Statements are hereby filed as exhibit (c)(ii) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Karen Johnson

Karen Johnson

Acting Auditor-General, State of Queensland

Date: February 10, 2020