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, 2021

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

Leon Allen
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, 2021 totaled AUD 129.6 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, 2021, 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	1,739
Repayable in Japanese yen	JPY	15,000
Repayable in Euros	EUR	456
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, 2021, 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, 2021", as of June 30, 2021, 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, 2021, 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, 2021 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, 2021, the co-registrant had no direct internal funded debt. Public debt levels for the years 2016 to 2021 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, 2021, 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, 2021 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, 2021, 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, 2021, 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, 2021, 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, 2021.
Exhibit (c)(ii)	-	Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2021.
Exhibit (c)(iii)	-	Budget Papers of the Co-Registrant for 2021-22.
Exhibit (c)(iv)	-	2021-22 Budget Update: Mid-Year Fiscal and Economic Review.
Exhibit (c)(v)	-	Queensland Sustainability Report 2021.
Exhibit (c)(vi)	-	Queensland Treasury Corporation’s 2021-22 Indicative Term Debt Borrowing Program Update.

Additional exhibits:

Exhibit (d)	-	Securities of the Registrant Outstanding as of June 30, 2021.
Exhibit (e)	-	Co-registrant’s outstanding debt to the Commonwealth as of June 30, 2021, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.
Exhibit (f)	-	Description of Queensland and Queensland Treasury Corporation.

Exhibit (g) - The following consents:

(1) Consent of Philip Noble, Chief Executive, Queensland Treasury Corporation.

(2) Consent of Gerard Bradley, Chairman, Queensland Treasury Corporation.

(3) Consent of Brendan Worrall, Auditor-General, State of Queensland.

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

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at Brisbane, Australia, on the 14th day of January, 2022.

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 14th day of January, 2022.

GOVERNMENT OF QUEENSLAND

By: /s/ Drew Ellem
on behalf of
Name: The Honourable Cameron Dick MP
Title: Treasurer and Minister for Trade and Investment

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, 2021.
Exhibit (c)(ii)	-	Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2021.
Exhibit (c)(iii)	-	Budget Papers of the Co-Registrant for 2021-22.
Exhibit (c)(iv)	-	2021-22 Budget Update: Mid-Year Fiscal and Economic Review.
Exhibit (c)(v)	-	Queensland Sustainability Report 2021.
Exhibit (c)(vi)	-	Queensland Treasury Corporation's 2021-22 Indicative Term Debt Borrowing Program Update.

Additional exhibits:

Exhibit (d)	-	Securities of the Registrant Outstanding as of June 30, 2021.
Exhibit (e)	-	Co-registrant's outstanding debt to the Commonwealth as of June 30, 2021, and its contingent liability as guarantor of the outstanding debt of other entities as of the end of the last five fiscal years.
Exhibit (f)	-	Description of Queensland and Queensland Treasury Corporation.
Exhibit (g)	-	The following consents:
		(1) Consent of Philip Noble, Chief Executive, Queensland Treasury Corporation.
		(2) Consent of Gerard Bradley, Chairman, Queensland Treasury Corporation.
		(3) Consent of Brendan Worrall, Auditor-General, State of Queensland.

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

EXHIBIT (c)(i)

Consolidated Financial Statements of the Registrant for the fiscal year ended June 30, 2021

FORWARD-LOOKING STATEMENTS

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

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

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

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

2020–21 ANNUAL REPORT

QUEENSLAND TREASURY CORPORATION

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

Contents

Level 31, 111 Eagle Street
Brisbane Queensland Australia

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

QUEENSLAND
TREASURY
CORPORATION

19 August 2021

The Honourable Cameron Dick
Treasurer and Minister for Investment
GPO Box 611
Brisbane QLD 4001

Dear Treasurer and Minister for Investment

I am pleased to present the Annual Report 2020–21 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 2019*, 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 64 of this Annual Report.

Sincerely

Gerard Bradley
Chair

LEVEL 31, 111 EAGLE STREET, BRISBANE Q1/EENSLAND AUSTRALIA 4000
GPO Box 1096, BRISBANE QIJEENSLAND AUSTRALIA 4001
T: 07 3842 4600 , F: 07 3221 4122

Queensland Treasury Corporation

Queensland Treasury Corporation (QTC) has a statutory responsibility to advance the financial position and development of the State. 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

Protecting and advancing Queensland's financial interests

Mission

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

2021–25 Strategic Goals

1 Sustainable funding

2 State and client value

3 Organisational excellence

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.

Role and responsibilities

QTC is the central financing authority for the Queensland Government and provides financial resources and services for the State. We manage the State's funding program in the global capital markets to deliver sustainable and cost-effective borrowings for the Queensland Government, local governments, and other related entities (our clients).

With a statutory role to advance the financial interests and development of the State, we work in partnership with Queensland Treasury and our clients to solve complex commercial, policy and economic issues. We help to deliver innovative, long-term solutions that contribute to the growth of Queensland's economy.

We protect Queensland's financial interests and deliver better financial outcomes by centralising the management of our clients' borrowings, cash investments, and foreign exchange. We play an integral role in managing the State's finances, working closely with our clients on their balance sheet management and helping to identify opportunities to minimise costs and risks.

At QTC, we are committed to protecting and advancing the financial interests of Queensland.

Chair’s report

GERARD BRADLEY
CHAIR

On behalf of the Queensland Treasury Corporation Capital Markets Board, I am pleased to present Queensland Treasury Corporation’s Annual Report for 2020–21. As the impact of COVID-19 continues to disrupt economies and communities across the globe, QTC has remained focused on providing sound funding and financial risk management for the State.

Notwithstanding at times challenging market conditions, QTC raised $21.1 billion during the year. QTC’s market reputation, conservative liquidity position and the State Government’s guarantee, backed by Queensland’s strong credit rating, underpinned this achievement.

Using its extensive knowledge of government and financial risk management expertise, QTC continued its partnership with Government to deliver the State’s COVID-19 response and recovery initiatives, reduce interest costs, and improve financial and service delivery outcomes across a range of essential community services.

QTC’s resilient and hard-working management and employees are to be commended for their strong contribution to Queensland this year, which ensured the continuous delivery of QTC’s core funding and advisory services, and returned another $50 million dividend to Queensland Treasury.

During the year, the Board completed an independent review of QTC’s remuneration framework with assistance from external remuneration experts to ensure alignment with industry benchmarks and QTC’s strategic priorities. This resulted in lower variable remuneration as a proportion of total fixed and variable compensation on a broadly revenue neutral basis, and came into effect on 1 July 2021. As part of the transition to the new framework, and in recognition of the ongoing impact of the pandemic, the Board again applied moderation, although at a reduced level, to variable remuneration for key management personnel.

Membership of the Board changed during the year, with Queensland’s Deputy Under Treasurer, Leon Allen, joining as Queensland Treasury’s representative on 16 July, and Rosemary Vilgan’s appointment on 1 October 2020. These appointments were in addition to Jim Stening’s and my own reappointments.

QTC’s achievements in the 2020–21 financial year, against the relentless global backdrop of COVID-19-related economic volatility and social restrictions, continued to demonstrate its long-standing ability to adapt and deliver the priorities of Government under challenging conditions.

With its dedicated leadership team and employees, I am confident that QTC will continue to provide the funding and financial risk management advice to support the implementation of Queensland’s Economic Recovery Plan.

G P BRADLEY
Chair
19 August 2021

Chief Executive’s report

PHILIP NOBLE
CHIEF EXECUTIVE

In 2020–21, QTC’s critical role in protecting and advancing Queensland’s financial interests has supported the State’s recovery from the economic and fiscal impacts of COVID-19. QTC delivered $233 million of returns to our Queensland Government stakeholders, including $112 million interest rate reduction through debt management. In addition, the sound management of QTC’s operations this year resulted in an operating profit of $116 million.

In a market of increasing supply and competition, QTC’s established reputation as a leading semi-government issuer supported our ability to achieve a record of $21.1 billion issuance during the year. We also worked closely with Queensland Treasury and our clients to support the delivery of the government’s priorities and help identify opportunities for our clients to minimise their costs and risks.

QTC’s strong performance in 2020–21 was underpinned by its enterprise design, risk management, talent development and culture. QTC has continued to be recognised in the industry as a corporate leader in these areas and won a national ‘Employer of Choice’ award for its second consecutive year.

Funding the State

$116 million operating profit

$50 million dividend to the State

$112 million interest rate reduction to the State

$71 million returns through the Capital Guaranteed Cash Fund

Strong investor demand for QTC’s term debt issuance underpinned the completion of Queensland’s $21 billion borrowing program. QTC continued to demonstrate its reputation as a high-quality issuer through the strategic execution of term debt issuance in a competitive market.

QTC maintained its exceptionally strong liquidity position in 2020-21, which was significantly increased during the financial markets’ disruption last year. The strength of QTC’s liquidity and financial position continued to support QTC in managing future risk and meeting all debt servicing obligations. The robust levels of QTC’s liquidity reserves were recognised by the credit rating agencies when assessing the State’s credit position during the year.

In 2020–21, QTC captured market opportunities for the State through the issuance of $8 billion in syndicated deals, $5.5 billion in nine tenders and $7.6 billion via reverse enquiry. This included the establishment of new bond lines, including a $1.5 billion 1.25% 2031 Green Bond, a $3 billion 1.50% 2032 Benchmark Bond, and a $2 billion 2027 Floating Rate Note at 3mBBSW+9bps.

Due to COVID-19, the 2020–21 State Budget was deferred in line with the Commonwealth and other State Governments. The Queensland Government and QTC continued to provide transparent and regular updates to the market on Queensland’s fiscal position and borrowing program throughout the year. QTC’s borrowing program remained within the estimated requirement, following the first update in July. The Queensland Government resumed its regular reporting cycle with the announcement of a full State Budget on 15 June 2021.

Following the Queensland State Budget release on 15 June 2021, QTC estimated that it will borrow $17.4 billion of term debt in 2021–22. This was a reduction of $5.2 billion for 2021–22 from the previous market update, and there was a further $2.3 billion for the indicative requirement for 2022–23. This was primarily due to lower client borrowings in 2020–21, resulting from general government revenue uplifts.

QTC continued to respond to growth in the green bond market by expanding its Green Bond eligible project and asset pool from approximately $6.7 billion to approximately $16.8 billion, through the inclusion of Seqwater’s Drought Resilient Network.

Operating results

In 2020–21, QTC recorded an operating profit after tax from its capital markets operations of $116 million (2019–20: $67 million) and paid a dividend to the State of $50 million (2019–20: $50 million). The operating profit was largely the result of capturing market opportunities to generate returns on QTC’s financial instruments, with supportive market conditions underpinned by the Reserve Bank of Australia’s quantitative easing program.

In addition, QTC's management of the State's debt provided a reduction of $112 million (2019–20: $104 million) in the market value of Queensland Treasury's borrowings, equivalent to a 0.04% decrease in the interest rate for 2021–22.

QTC continued to look for opportunities to reduce operating costs and was able to reduce its operating costs by $4.6 million against budget for the year, while still delivering major system upgrades and corporate performance goals and objectives.

QTC's Capital Guaranteed Cash Fund delivered $71 million (2019–20: $146 million) in investment returns to its government clients during the year and retained its position as one of the largest managed cash funds in Australia with $9.6 billion under management at 30 June. QTC focused on an asset management strategy that provided protection against falling outright yields and tightening spreads.

Over the past five years, the returns from debt management have lowered the State's costs by a total of $541 million. In addition, QTC's net earnings have contributed to the payment of $650 million in dividends to the State.

QTC's retained earnings balance of $592 million, after paying these dividends, demonstrates the organisation's continued strong financial position. Retained earnings are closely monitored to ensure QTC's Board prescribed capital requirements are met.

Value delivered for the State

QTC supported the Queensland Government's priority initiatives with advisory work focused on enhancing the institutional and financial strength of the State. In partnership with Queensland Treasury, QTC aligned the use of its resources to complete 54 advisory projects, with 28 still in progress. This work delivered cost-savings, economic benefits and fiscal enhancements.

Highlights during the year included projects to support the Government and private sector through COVID-19; significant outcomes to improve health services, building solutions to reduce costs and enhance social services; and implementing a regional program to improve financial, asset and risk management in local government.

QTC also helped enhance financial capability across the public sector through its education collaboration with the University of Queensland. This year, the program has reached 3,315 participants from across the State with 50 per cent from regional Queensland and remote areas, including Barcaldine and Doomadgee.

Credit and ESG ratings

In the year under review, Standard & Poor's, Moody's Investors Service and Fitch Ratings reaffirmed Queensland's and QTC's credit ratings. QTC is rated AA+/A-1+/Stable, Aa1/P-1/Stable and AA/F1+/Stable by Standard & Poor's, Moody's Investors Service and Fitch Ratings respectively. These stable ratings are a key reason for continued demand from domestic and global investors for QTC debt, and for QTC's ability to meet the larger issuance requirements through the COVID-19 period.

In addition, Queensland is currently rated AA for environmental, social and governance (ESG) by MSCI as of July 2021*.

Organisational excellence

With its ongoing focus on organisational excellence, QTC met its statutory obligations, completed core business activities on time and delivered initiatives focused on continuous improvement.

QTC upgraded its core finance system and client transaction portal, providing continued improvement to its business operations on time and budget.

Independent recognition of QTC's leadership and culture has continued in 2020–21 and for the second consecutive year, QTC has been recognised as one of Australia's best places to work, receiving the 'Employer of Choice' Award from Human Resources Director.

Positioned for ongoing success

QTC's achievements in the 2020–21 financial year have demonstrated significant performance outcomes against each of its strategic goals—to deliver sustainable funding, State and client value and organisational excellence.

QTC has built a strong foundation to continue protecting and advancing Queensland's financial interests—with a strong reputation for its issuance management in the financial market, ongoing high-performance across all financial indicators, and organisational excellence outcomes that continue to be recognised as leading in the finance industry.

P C NOBLE
Chief Executive
19 August 2021

** As of July 2021, the State of Queensland received an MSCI ESG Rating of AA, ESG Trend Negative. Certain information ©2021 MSCI ESG Research LLC. Data reproduced with permission from MSCI ESG Research LLC. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI ESG Research LLC and affiliates assume no liability for or in connection with the data.*

Achieving sustainable access to funding

QTC successfully completed its borrowing program of $21 billion, in an environment of increased supply in the semi-government sector. As a highly-regarded semi-government issuer, QTC continued to attract a diversified investor base, further supported by the establishment of four new bond lines.

Meeting the State's funding requirements

QTC is a highly-regarded bond issuer in global fixed-income markets and raises the funds needed by the State each year, often ahead of time, with its bond issues consistently over-subscribed.

Due to COVID-19, the 2020–21 State Budget was deferred in line with the Commonwealth and other State Governments. Following the Queensland Government's interim fiscal update on 23 July 2020, QTC estimated its 2020–21 funding requirement would be between $19 billion and $22 billion. On 7 September 2020, following the release of the State's COVID-19 Fiscal and Economic Review, QTC announced its indicative term debt borrowing requirement of $21 billion, within the anticipated requirement, and which remained unchanged following the State Budget on 1 December 2020.

QTC issued a total of $21.1 billion through $8 billion in syndicated deals, $5.5 billion in nine tenders and $7.6 billion via reverse enquiry. QTC's well-managed funding program and reputation for high-quality debt issuance, means Queensland can access the funds it needs at cost-effective rates. To attract a broad investor base, QTC offers investors a diverse range of high-quality investment options.

In 2020–21, QTC maintained the State's strong liquidity position, which supports the State's credit rating and provides reserves during periods of market volatility.

QTC successfully executed its funding strategy, with highlights including:

- issuing approximately $15.1 billion of benchmark bonds, including a new $3 billion 2032 bond line—the largest benchmark bond issued by an Australian semi-government issuer since 2011
- issuing approximately $2.1 billion in ultra-long, non-benchmark bonds, including QTC's longest-dated AUD fixed rate line with a maturity of 2050
- issuing a new $1.5 billion 2031 Climate Bonds Initiative (CBI) certified green bond, the third green bond for QTC—further diversifying QTC's funding alternatives, and
- issuing $2 billion of a new floating rate note maturing in 2027, QTC's longest floating rate note to date.

More than 40 per cent of the new 2032 benchmark bond and 2031 green bond deals were allocated to offshore investors and these deals also attracted a number of first-time investors.

On 15 June 2021, QTC announced its indicative $17.4 billion term debt borrowing requirement for 2021–22.

Issued approx. $15.1 billion of benchmark bonds, including one new benchmark bond maturing in 2032

Issued $1.5 billion into a new 2031 green bond

Expanded QTC's green bond asset pool to approx. $16.8 billion from approx. $6.7 billion

Issued $2 billion into a new 2027 floating rate note

Strong liquidity in QTC bonds with approx. $142 billion traded in the secondary market*

Funding performance

QTC's proactive management of its borrowing program and the management of its client funding and balance sheet activities helped to smooth and extend its maturity profile, reducing its refinancing risk by achieving more evenly-distributed maturities across the curve. All term debt issued in 2020–21 was in maturities 2027 and longer.

QTC continued to focus on activities to expand its investor base in an environment of restricted travel, delivering an effective virtual domestic and global investor relationship program during the year. Open and transparent communication with current and future investors on Queensland's economy and funding program has kept the market fully informed and remains a focus. QTC continued to regularly engage with both its Fixed Income Distribution Group and investors through its Funding and Markets Division.

Sustainable finance

QTC continued to attract a broad range of investors through its green bonds, which support Queensland's pathway to climate resilience and an environmentally sustainable economy. In November 2020, QTC issued its third and longest CBI certified green bond.

On 1 June 2021, QTC released its Green Bond Annual Report and announced the expansion of its eligible project and asset pool to approximately $16.8 billion from approximately $6.7 billion, through the inclusion of Seqwater's Drought Resilient Network. This addition increases QTC's scope for future issuance and provides sector allocation diversity.

QTC is currently the largest Australian semi-government CBI certified, green bond issuer with $3.98 billion outstanding as at 30 June 2021.

Funding instruments

As at 30 June 2021

QTC has a diverse range of funding instruments in a variety of markets and currencies. The majority of QTC's funding is sourced through long-term debt instruments, with QTC's AUD benchmark bonds being the principal source of funding. As at 30 June 2021, QTC's total debt outstanding was approximately $112.2 billion at face value.

OVERVIEW AS AT 30 JUNE 2021		SIZE (AUDM)	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	13 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

** Turnover for period 1 April 2020 to 31 March 2021.*
*** See QTC's website for further details on non-benchmark bond lines.*

2020–21 Public Issuance

1 JULY 2020

$1.5 billion
12 Aug 2020
2031 benchmark bond
Syndicated tap

$1.5 billion
10 Nov 2020
2031 green bond
Syndicated new issue

$3 billion
29 Jan 2021
2032 benchmark bond
Syndicated new issue

$2 billion
8 Apr 2021
2027 floating rate note
Syndicated new issue

$5.5 billion
2020–21 issuance through 9 tenders—across multiple benchmark bond lines, from 2027 to 2032 maturities

30 JUNE 2021

Creating value for the State and clients

In 2020–21, QTC partnered with Queensland Treasury and its Queensland Government clients to deliver financial, economic and social outcomes to enhance Queensland's future and economic prosperity. QTC completed 54 advisory projects, with 28 still in progress. This work delivered cost-savings, economic benefits and fiscal improvements. QTC's strong performance has been achieved through the delivery of financial advisory and project implementation services; and providing high-quality borrowing, cash management and foreign exchange services.

Financial advice for the State's public sector

In the year under review, QTC has worked closely with Queensland Treasury and the Department of the Premier and Cabinet to prioritise its advisory initiatives to provide the maximum financial and social outcomes for the State.

In 2020–21, QTC delivered a broad range of financial advisory assignments for Queensland Treasury and its public-sector clients that address financial risk management issues and assist in making pragmatic business decisions.

QTC supports its clients to implement significant transformation projects within their own environments and enhance their project delivery capability. In 2020–21, QTC's advisory work centred around projects that would enable significant benefits to the financial health of the State, with particular focus on local governments and government-owned corporations (GOCs).

54 advisory projects delivered and 28 in progress

Industry Support Package loans established and managed

Supported the development of Queensland's ESG Statement

Supporting the government's priorities

QTC focuses 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 social and economic benefits. In the year under review, QTC completed 54 advisory projects, with 28 projects still in progress. The key priority projects that QTC delivered include:

- **COVID-19:** QTC established and managed the Industry Support Package loans on behalf of the Queensland Government; including client engagement, financial monitoring and reporting. QTC also assisted Arts Queensland in understanding the fiscal implications of COVID related closures on the operations of Queensland Ballet and the Queensland Performing Arts Trust.
- **Health:** QTC continued its program of work with Queensland Health and Hospital and Health Services (HHSs) to improve the financial sustainability of HHSs. The second program of work was delivered at the Central Queensland, Children's Health Queensland, Gold Coast, North West, Sunshine Coast, West Moreton and Wide Bay Hospital and Health Services.
- **ESG:** QTC supported Queensland Treasury on the development of the Queensland Government's inaugural ESG Statement. The statement outlines the Queensland Government's commitment to sustainability and presents an overview of Queensland's ESG credentials, which provides information for QTC's investors and stakeholders. In addition, QTC worked with Seqwater this year to identify and verify Seqwater's Drought Resilient Network for inclusion in QTC's Green Bond eligible project and asset pool. This expanded the total pool to approximately $16.8 billion.
- **Land Restoration Fund:** QTC worked with the Department of Environment and Science and Queensland Treasury to establish this fund. It is expanding carbon farming in Queensland by supporting land-sector carbon projects that deliver additional environmental, socio-economic, and First Nations co-benefits.

- **Energy:** QTC actively engaged with Energy Queensland, Powerlink, industry bodies and the Australian Energy Regulator (AER) on the AER's inflation forecasting methodology. QTC prepared a detailed submission for the AER Inflation Review and the revised methodology was finalised in December 2020 with significant benefits to be realised from the changes in the coming years.
- **GOCs:** QTC has also assisted Queensland's GOCs with a range of advisory work around risk management, forecasting, asset and debt strategies and commercial evaluations.

Fostering strong relationships with local governments

Throughout the year, QTC has worked closely with many local governments to help deliver positive community outcomes in a financially responsible way. This includes economic development initiatives and advice about financially managing the complexities of community requirements in regional centres.

QTC offered and delivered a business improvement program for a number of regional local governments to identify and implement process and efficiency opportunities. QTC also assisted larger local governments to develop a waste management strategy, assess infrastructure and development proposals, and review water and wastewater pricing.

QTC engaged and collaborated with local government groups, associations and regional organisations of councils across the State.

High quality treasury management services

QTC has continued to work closely with Queensland Treasury and its government clients to improve whole-of-state balance sheet outcomes. QTC continued to provide low-cost loans and high-performing investment facilities throughout 2020–21.

Debt and risk management

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

QTC's active management of the State's debt provided a reduction of $112 million in the market value of Queensland Treasury's borrowings, equivalent to a 0.04% decrease in the notional book interest rate for 2021–22.

QTC continued to focus on reducing the State's refinancing and interest rate risk by restructuring client loans and extending client mandates and facilities to take advantage of very low interest rates. Lengthening duration, changing the cycle of book rate reviews to quarterly and restructuring facilities has led to approximately $218 million in cash flow savings for Queensland Treasury in 2020–21, with flow-on benefit over the forward estimates.

QTC also lengthened duration for four government owned corporation/commercial statutory authority borrowings (leading to $6 million in cash flow savings this financial year and additional benefit over the forward estimates).

$9.6 billion in funds under management in QTC's Cash Fund

FX transaction volume totalling $141 million

Finance Education courses provided to more than 3,315 participants

As part of the process, QTC completed a credit refinance assessment of existing Fixed Rate Loans for all 55 borrowing councils to assess their ability to benefit from low interest rates by refinancing and extending the term of their loans. This resulted in eight councils refinancing and locking in lower rates to reduce their current repayment amounts (leading to savings of $54 million per annum over the forward estimates and beyond).

In 2020–21, QTC provided financial and risk management advice to Queensland Treasury on the Gold Coast Light Rail (public, private partnership) phase 3, including: interest rate risk management and hedging, and development of the financial close acceptance protocol— both of which foster beneficial financial outcomes for the State.

Cash management

QTC offers cash management products that enable its clients to maximise the value of their surplus funds, including Fixed Rate Deposits, a Working Capital Facility and a Capital Guaranteed Cash Fund (the Cash Fund).

In 2020–21, QTC's Capital Guaranteed Cash Fund delivered $71 million in investment returns to its government clients during the year and retained its position as one of the largest managed cash funds in Australia with $9.6 billion under management at 30 June. The Cash Fund provided strong relative returns and outperformed the Bloomberg AusBond Bank Bill Index by 70 basis points, a significant result given the unprecedented levels of quantitative easing and liquidity provided by the Reserve Bank of Australia.

Throughout the year, QTC focused on an asset management strategy to provide protection against falling outright yields and tightening credit spreads. This asset strategy included lengthening asset duration at very attractive yields following the announcement of the Reserve Bank of Australia liquidity support programs.

The Cash Fund continues to offer flexibility by providing clients with immediate access to same day liquidity. The security of the Cash Fund is underpinned by the liquid assets investment profile. At 30 June, 100 per cent of the Cash Fund's investments were in entities rated 'A' or higher by Standard & Poor's.

Throughout the year, QTC continued to meet with clients to provide insights into the Cash Fund's structure, strategy and performance, and dynamically managed credit and money market positions in a challenging environment due to the Term Funding Facility offered by the Reserve Bank of Australia.

QTC has been an early adopter domestically in considering ESG issues. Morgan Stanley Capital International (MSCI) provides reporting of the Cash Fund's ESG profile.

Foreign exchange

QTC's foreign exchange (FX) services, including its online platform, enable its public sector clients to access wholesale market rates. This year, the FX client base has continued to grow with an increasing number of clients utilising this service. In 2020–21, QTC FX transaction volumes totalled $141 million and saved approximately $3.6 million for the State through its FX services. QTC continued to work with agencies to increase cost saving opportunities through dual currency pricing for the procurement of goods sourced from offshore.

Enhancing financial capability in Queensland’s public sector

QTC provides education services to enhance financial decision-making and support effective engagement with its clients. Since 2017, the University of Queensland (UQ) facilitates the design and delivery of specialised content across the State. In 2020–21, the education program delivered financial workshops to more than 3,315 participants through a combination of workshops, webinars and masterclass sessions.

Key milestones were achieved through delivering contextualised training programs to several Hospital and Health Services, and the Department of State Development, Infrastructure, Local Government, and Planning (DSDILGP) over the course of the last twelve months. Additionally, the education program reached a wide range of public sector employees in a variety of different topics linked to financial management.

To support ongoing development, the education program launched a pre- and post-workshop platform, which includes digital readings, activities, and video content to engage learners in new subject areas in advance of and post-workshop attendance.

Loans to clients

	TOTAL DEBT OUTSTANDING (MARKET VALUE) 30 JUNE 21 A$000	TOTAL DEBT OUTSTANDING (MARKET VALUE) 30 JUNE 20 A$000
General Government*	**49 276 839**	41 934 014
Energy	**27 140 983**	27 179 110
Water	**14 915 274**	15 454 660
Local governments	**6 883 658**	6 797 068
Transport	**5 257 510**	5 533 579
Education	**878 616**	860 888
Other	**258 349**	574 967
Total	**104 611 229**	98 334 286

** General Government includes Queensland Treasury and Arts Queensland.*

Achieving organisational excellence

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

Operational excellence

QTC's strong performance in 2020–21 was underpinned by its enterprise design, risk management, talent development and culture.

Throughout the year, QTC has remained agile and responsive in its approach to sustaining and enhancing its operational excellence to support its core business of managing financial risk for the State.

An ongoing focus on the continuous improvement of QTC's organisational capability has delivered further enhancements to systems, risk management and talent development practices. These improvements have optimised the foundation of how QTC's core funding and advisory functions are delivered and are providing employees with a strong platform to maximise the delivery of real value to the State.

QTC was able to lead the implementation of new systems, including an update to its client transaction portal, which has enhanced system security and risk management. QTC settled $467.4 billion in transaction volume, with no cost of errors.

QTC also upgraded its core finance system, and enabled six new financial instruments that enhance our responsiveness to market conditions, and also provide significant internal process efficiencies.

In response to COVID-19, QTC has enhanced its readiness for business disruption and delivered ongoing benefits including an increased capability for virtual engagement with investors, clients and employees, more flexible and adaptive working arrangements, and a strengthened operational resilience to cyber threats.

Corporate risk management and efficiency

QTC continues to cultivate a healthy risk environment, with a proactive approach to identifying and mitigating risks.

QTC manages its risks within an enterprise-wide risk management framework to identify, assess and manage risks. In 2020–21, QTC established a new Enterprise Design Committee to provide greater oversight of change management initiatives and manage underlying risks.

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 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. Throughout 2020–21, 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 policy requirements.

The outcome of the 2020–21 internal audit program was positive with 12 internal audits conducted and completed successfully. Of these audits, five carried a rating of '4 out of 5' and six carried a rating of '5 out of 5', demonstrating a well-controlled environment. QTC also received a '5 out of 5' rating for key controls that were implemented for workforce management in response to COVID-19, and for its exceptionally well-controlled industry support package loan management processes.

QTC employees also completed 3.5 hours of mandatory compliance training with an emphasis on code of conduct, work health and safety, cyber security, financial crime awareness, and privacy. Annual targeted and tailored training is completed by all employees to ensure they are continuously informed of their compliance obligations.

High-performance workforce

QTC's talent, engagement and development practices continue to support a high-performance workforce.

QTC competes in 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 remuneration framework is a key driver of attracting and retaining our high-performing employees and enabling our culture. Employees' total compensation packages are comprised of fixed and variable remuneration elements (with entitlement to the variable component based on eligibility). Total compensation is benchmarked against remuneration data from the Financial Institutions Remuneration Group Inc (FIRG), which provides salary survey data for the Australian finance industry. QTC's variable remuneration element of total compensation provides an opportunity for an annual short-term incentive for eligible employees, designed to ensure market competitiveness and reward outstanding organisational 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.

The Board regularly reviews QTC's remuneration framework to ensure that it aligns to the financial services market and meets its strategic priorities. In 2020–21, an independent review of the framework was completed, with assistance from external remuneration experts.

The review confirmed that QTC's remuneration philosophy remains market-aligned, and recommended a number of changes to reflect recent changes to market practice, including lowering variable remuneration as a proportion of total fixed and variable compensation on a broadly revenue neutral basis, and aligning corporate and individual performance recognition for employees.

With an articulated commitment to our employees to enable 'the best work of their career' the key focus areas have been on delivering against our leadership, talent and professional development strategies to strengthen organisational capability.

In 2020–21, key initiatives included:

- strengthening a capability framework and supporting tools to guide professional skills development, recruitment and resource allocation
- enhancing flexible and adaptive working arrangements to further support a high-performing, agile, and diverse culture
- a continued focus on leadership development and leadership excellence, including through targeted leadership competencies articulated in the capability framework and a senior leaders' development program
- delivering in-house workshops focusing on individual development, planning, and resilience
- continuing to provide on-demand professional development resources via our learning platform
- strategic workforce planning to align to our organisational vision and strategy, while incorporating the consideration of the future of work, digital transformation, and impacts of automation
- project opportunities embedded within client organisations
- talent management and succession planning programs
- CEO Awards recognition program, providing non-monetary recognition of individual employees and teams who exemplify QTC's values, and
- culture and diversity programs.

Organisational Culture

QTC continues to grow an inclusive, diverse, flexible and high-performance culture. For the second consecutive year, QTC was awarded the 'Employer of Choice' award from Human Resources Director (HRD).

In 2020–21, QTC introduced a new cultural development strategy based on the three cultural pillars of clarity, candour, and connection. The strategy is focused on ensuring the alignment of focus and purpose, direct and healthy challenge, and increased collaboration.

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. This has been further strengthened by a focus on candour as part of QTC's new cultural development strategy.

QTC's 2020 culture survey returned positive results with QTC achieving an 86 per cent engagement rate–8 per cent higher than the industry average.

Diversity and wellbeing

QTC's Inclusion and Diversity Strategy recognises that diversity of perspective and experience improves performance, manages risk, and enhances decision making. In 2020–21, under the strategy's three priority streams of culture, family and community, and gender, QTC:

- continued the Stepping Stone partnership and the intern program with the Australian Network on Disability
- continued its range of mental and physical health programs to support employee wellbeing, including health and fitness checks, ergonomic evaluations, fitness passports and flu vaccinations
- raised awareness for inclusivity and diversity by supporting National Reconciliation Week during NAIDOC Week, RUOK Day, the UNICEF India COVID-19 Relief Appeal, Harmony Day, International Women's Day, and International Day of Disability, and
- embraced community giving by fundraising for a number of additional charities in 2020–21, including Movember (supporting men's health), and The Push-Up Challenge (supporting Headspace, the National Youth Mental Health Foundation; Lifeline Australia; and The Push For Better Foundation).

QTC's policies support flexible and adaptive working. QTC has a range of working arrangements to enable business outcomes and remain responsive and agile.

Workforce profile 2020–21

Full-time equivalent staff (including fixed-term employees)	201
Permanent retention rate	91.05%
Permanent separation rate	8.96%
Permanent average tenure	7.15 years

QTC wins HRD's 'Employer of Choice' 2021

QTC was recognised with the '5-star employer of choice award' as an employer that provides outstanding initiatives for career growth with learning and development opportunities, recognition programs and an all-encompassing, constructive culture.

Environmental, social and governance (ESG)

In 2020–21, QTC worked closely with its stakeholders to deliver key ESG initiatives, including:

- providing institutional investors with green investment opportunities
- supporting the Queensland Government to deliver sustainability initiatives
- ESG reporting of QTC's Capital Guaranteed Cash Fund, and
- providing organisational contributions that benefit the community.

Supporting renewable energy projects

QTC supported the development of the Borumba Dam pumped hydro station proposal, which has the potential to be the State's largest pumped hydro station, and power an estimated 1.5 million homes. The business case, being prepared by Powerlink, is expected to be submitted by mid-to-end-2023.

Pumped hydro storage is flexible, reliable, and complements renewable energy generation such as solar and wind.

Expanding carbon farming opportunities to help manage Queensland's emissions

QTC worked with the Department of Environment and Science and Queensland Treasury to establish the Land Restoration Fund. The fund is expanding carbon farming in Queensland by supporting land-sector carbon projects that deliver additional environmental, socio-economic, and First Nations co-benefits. Following the 2020 investment round, 16 projects have been contracted for an investment of nearly $90 million and the fund will be offering a second investment round in 2021.

Queensland's inaugural ESG statement

QTC supported Queensland Treasury on the development of the Queensland Government's inaugural ESG Statement. The statement outlines the Queensland Government's commitment to sustainability and presents an overview of Queensland's ESG credentials, which provides information for QTC's investors and stakeholders.

ESG reporting for QTC's Capital Guaranteed Cash Fund

In 2020–21, QTC implemented reporting on the Cash Fund's ESG profile, using the globally recognised ESG reporting provider Morgan Stanley Capital International (MSCI). The fund's monthly ESG score is based on the weighted average ESG score of each of the fund's bond investments. The Fund has remained above the weighted average ESG score for the AUD credit floating rate note market throughout the year.

Expanding QTC's green bond issuance

QTC continued to attract significant demand for its green bonds. In November 2020, QTC issued its third and longest green bond line—$1.5 billion of a new 2031 green bond. In 2020–21, QTC announced the expansion of its eligible project and asset pool to approximately $16.8 billion, from approximately $6.7 billion, through the inclusion of Seqwater's Drought Resilient Network. This increases QTC's scope for future issuance and provides sector allocation diversity. QTC is currently the largest Australian emi-government, Climate Bonds Initiative (CBI) Certified, green bond issuer with $3.98 billion on issue as at 30 June 2021. QTC's green bonds support Queensland's pathway to climate resilience and an environmentally sustainable economy.

Supporting social outcomes

QTC works closely with its clients on advisory initiatives that support social outcomes for the State. In 2020–21, this included projects to support the Government and industries through COVID-19; significant outcomes to improve health services; building solutions for social services and regional local governments; and support for the Indigenous non-profit organisation, Heart Futures.

Community giving

QTC contributed at an organisational, team and individual level to a number of social causes.

QTC continued its partnership with Stepping Stone, and the intern program with the Australian Network on Disability and supported a range of diversity and inclusion initiatives including National Reconciliation Week during NAIDOC Week, RUOK Day, the UNICEF India COVID-19 Relief Appeal, Harmony Day, International Women's Day, and International Day of Disability.

QTC employees embraced community giving by fundraising for a number of additional charities in 2020–21, including Movember (supporting men's health), and The Push-Up Challenge (supporting Headspace, the National Youth Mental Health Foundation; Lifeline Australia; and The Push For Better Foundation).

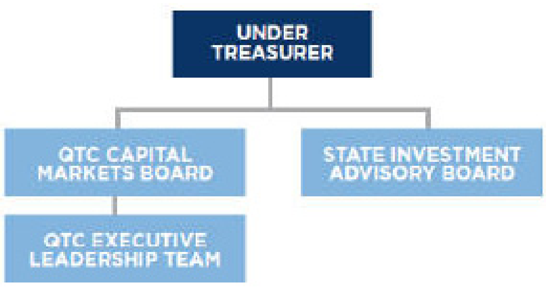
Corporate governance

QTC is committed to maintaining high standards of corporate governance to support its strong market reputation, ensure that organisational goals are met, and manage and monitor risks. 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 QTC's 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 State Investment Advisory Board, which was established in July 2008 to manage the State's long-term assets.



QTC Capital Markets Board

The Under Treasurer, as QTC's corporation sole, and the QTC Capital Markets Board have agreed the terms and administrative arrangements for the exercise of the powers that the corporation sole has delegated to the Board.

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

- lead and oversee QTC
- approve the strategic direction and significant strategic initiatives of QTC
- approve Board-owned policies and charters
- oversee organisational culture, values, behaviours and risk
- ensure compliance with relevant legal, tax and regulatory obligations
- approve the annual financial statements and the annual report
- approve the annual administration budget and the total full-time equivalent complement
- approve major contracts and agreements
- approve the Corporate Plan, including the corporate performance measures
- approve the annual assessment of corporate performance
- approve the Remuneration Framework, the remuneration pool and short-term incentive targets
- approve the appointment/reappointment/dismissal of the Chief Executive and assess the Chief Executive's performance against annual performance objectives
- approve the appointment of the internal audit partner and the annual Internal Audit Plan
- oversee the external audit program, and
- evaluate Board and Board committee performance.

The Board typically holds nine meetings each year 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. Consideration is 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. 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.

Risk and Audit Committee

The Risk and Audit Committee is a decision-making and advisory body responsible for overseeing and assisting the Board with:

- the appropriateness and effectiveness of QTC's enterprise-wide risk management system (including the enterprise- wide risk management framework, the risk appetite statement, and risk management strategies and policies) and the internal control framework
- risk and risk management, including carriage of the risks attributed to the Risk and Audit Committee
- the effectiveness of internal control processes
- the integrity of the financial statements and associated year-end and interim processes, 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 QTC's Internal Audit Plan and the Queensland Audit Office's External Audit Plan.

Human Resources Committee

The Human Resources Committee is a decision-making and advisory body responsible for overseeing and assisting the Board with:

- 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 leadership team, executive development and talent pipeline risks
- strategic workforce planning and operational resource planning, and
- people material risks.

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

Funding and Markets Committee

The Funding and Markets Committee is a decision-making and advisory body responsible for overseeing and assisting the Board with:

- funding and markets-related key policies and compliance with relevant legislation
- the alignment of funding and markets activities with QTC's policies and risk appetite
- QTC's 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.

Meetings held

	BOARD		RISK AND AUDIT COMMITTEE		FUNDING AND MARKETS COMMITTEE		HUMAN RESOURCES COMMITTEE	
ORDINARY MEETINGS HELD	9		5		4		6	
	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND
Gerard Bradley[1]	9	9	1	1	4	4	5	5
Leon Allen[2]	9	9	0	0	3	3	0	0
Neville Ide	9	9	5	5	4	4	0	0
Anne Parkin	9	9	5	5	0	0	6	6
Karen Smith-Pomeroy	9	9	5	5	0	0	6	6
Jim Stening[1]	9	9	0	0	4	4	0	0
Rosemary Vilgan[3]	7	7	0	0	0	0	5	5

1 The terms for Mr Bradley and Mr Stening expired on 30 June 2020. Both members were reappointed from 16 July 2020 until 30 June 2023.
2 Mr Allen was appointed to the Board from 16 July 2020. This is an ex officio appointment within Queensland Treasury.
3 Ms Vilgan was appointed to the Board from 1 October 2020.

QTC's Capital Markets Board

as at 30 June 2021

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

Chair
Appointed 10 May 2012.
Tenure to 30 June 2023.

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

Prior to his appointment as the Chair 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, a Non-Executive Director of Star Entertainment Group Ltd, Pinnacle Investment Management Group Limited and the Winston Churchill Memorial Trust, a Member of the Queensland regional selection committee for Churchill fellowships, and a Director of the Pinnacle Charitable Foundation.

LEON ALLEN
BA (HUM), GRAD DIP PUBLIC POLICY, MAICD

Appointed 16 July 2020.

Board Committees
- Member, Funding and Markets Committee

Leon Allen is currently acting as Under Treasurer of Queensland Treasury, a role he has held since May 2021. Leon was appointed Deputy Under Treasurer, Queensland Treasury in May 2020 with responsibility for economic, fiscal and commercial policy. He forms part of the Queensland Treasury leadership team supporting government with management of the Queensland economy and its financial resources and managing major commercial opportunities and risks.

Prior to this appointment, Mr Allen held senior leadership roles with the Commonwealth Bank of Australia's Institutional Banking and Markets division for 13 years, including Head of Institutional Banking and Markets, Queensland; General Manager, Government, Health, Education and Social Infrastructure; and CEO and Managing Director Americas, leading the bank's operations in North America between 2016 and early 2020.

His career has included roles with the Australian Government's Department of Finance, the Australian National Audit Office, the Queensland Department of the Premier and Cabinet, and Ergon Energy. Mr Allen is also the Chair of South Bank Corporation, which manages a major urban and cultural precinct in Brisbane.

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

Appointed 1 October 2018.
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.

Mr Ide's 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 several 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.

QTC's Capital Markets Board cont.

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

Appointed 1 July 2016.
Tenure to 30 September 2022.

Board Committees

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

Anne Parkin has more than 25 years' 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 currently the Chair of an SME in the energy sector. She is the former Chair of a start-up company and a former Non-Executive Director of both Credit Suisse Securities Malaysia and Credit Suisse Securities Philippines. Ms Parkin 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 and Futures Commission.

KAREN SMITH-POMEROY
ADIP (ACCOUNTING),
GAICD, FIPA, SF FIN

Appointed 9 July 2015.
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.

Ms Smith-Pomeroy held senior executive roles with Suncorp Group Limited from 1997 to 2014, including Chief Risk Officer Suncorp Bank from 2009 to 2013, and Executive Director, Suncorp Group subsidiary entities from 2009 to 2014. She has also held non-executive roles on a number of Government and commercial boards and committees including CS Energy Limited and Tarong Energy Corporation Limited.

Ms Smith-Pomeroy is currently Chair of National Affordable Housing Consortium Limited and the Regional Investment Corporation, and a Non-Executive Director of Stanwell Corporation Limited and Kina Securities Limited. She is also an Independent Chair of the Audit and Risk Committee of South Bank Corporation and an Independent Audit Committee member of the Department of State Development, Local Government, Infrastructure and Planning.

JIM STENING
DIP FIN SERV, FAICD

Appointed 13 November 2014.
Tenure to 30 June 2023.

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, and a Fellow of the Australian Institute of Company Directors.

ROSEMARY VILGAN
BBUS, DIP SUPN MGT,
FAICD, FASFA

Appointed 1 October 2020.
Tenure to 30 September 2023.

Board Committees

- Chair, Human Resources Committee

Rosemary Vilgan is an experienced Non-Executive Director, with expertise in financial services and business leadership and transformation. She was the Chief Executive of QSuper, a global financial services business with $90 billion in accounts, from 1998 until 2015.

Ms Vilgan is currently the Chairperson of the Commonwealth Bank Group Staff Superannuation Fund, a Member of the Board of the Guardians of New Zealand Superannuation and a Member of the Cambooya Investment Committee. Her former roles include Chairperson of the Federal Government's Safety, Rehabilitation and Compensation Commission, a member of the Board of the Children's Hospital Foundation (Qld) and a Queensland Council member of AICD. She is a former Councillor, Deputy Chancellor and Chairperson of the Audit and Risk Committee at Queensland University of Technology (QUT), and a former director and Chair of the Board of the Association of Superannuation Funds of Australia (ASFA).

In 2013, Ms Vilgan was named the Telstra Australian Businesswoman of the Year. She holds qualifications in business and superannuation and is a Fellow of both AICD and ASFA and a Member of Chief Executive Women.

QTC Executive Leadership 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 Leadership Team. The Chief Executive is appointed by the Board and executives are appointed by the Chief Executive. Executive Leadership 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 Leadership Team
as at 30 June 2021

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

Internal audit

The Financial and Performance Management Standard 2019 (Qld) (Standard) governs the operation of QTC's internal audit function. QTC outsourced its independent internal audit function to EY for the 2020–21 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.

External audit

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 audit recommendations raised by the Queensland Audit Office that were due during the reporting period were addressed.

State Investment Advisory Board

The State Investment Advisory Board (SIAB) was established in 2008 as an advisory Board of Queensland Treasury Corporation under section 10 of the QTC Act. SIAB was established to manage long-term assets for the State by a board independent of QTC's capital markets operations. The long-term assets have no impact on QTC's capital markets operations and there is no cash flow affect for QTC.

In 2020–21, with power delegated from QTC, the SIAB was responsible for:

- providing governance oversight of the financial assets set aside by the Queensland Government to meet future employee liabilities and other long-term obligations of the State
- providing governance oversight of the financial assets that relate to the Debt Retirement Fund established under the *Queensland Future Fund Act 2020*, and
- providing investment governance assistance in connection with the Financial Provisioning Fund established under the *Mineral and Energy Resources (Financial Provisioning) Act 2018* and the National Injury Insurance Scheme Fund, Queensland.

The SIAB members are appointed by the Governor-in-Council, pursuant to section 10(2) of the QTC Act. Remuneration for the SIAB members is determined by the Governor-in-Council.
The members of the SIAB were:

	POSITION	ATTENDED	ELIGIBLE TO ATTEND
Board meetings held: 4			
Rachel Hunter[1], Under Treasurer	Chair	3	3
Leon Allen[1], Acting Under Treasurer	Chair	1	1
Glenn Miller[2], Queensland Treasury	Member	2	2
William Ryan[2], Queensland Treasury	Member	2	2
Philip Graham, External member	Member	4	4
Maria Wilton, External member	Member	4	4
Tony Hawkins, External member	Member	4	4

1 The Chair of SIAB is an ex officio role. Rachel Hunter was Chair until Leon Allen was appointed as the Acting Under Treasurer from 29 April 2021.

2 This position is an ex officio appointment within Queensland Treasury. Glenn Miller acted as the ex officio member until William Ryan assumed the role from 19 November 2020.

SIAB Board Members
as at 30 June 2021

LEON ALLEN
BA (HUM), GRAD DIP PUBLIC POLICY, MAICD

Chairman Appointed 29 April 2021.

Leon Allen is acting as Under Treasurer of Queensland Treasury, a role he has held since May 2021. Mr Allen joined Queensland Treasury in May 2020 as Deputy Under Treasurer with responsibility for economic, fiscal and commercial policy.

Prior to this appointment, Mr Allen held senior leadership roles with the Commonwealth Bank of Australia's Institutional Banking & Markets division for 13 years; including as CEO and Managing Director Americas, leading the bank's operations in North America between 2016–2020.

His career has included roles with the Australian Government's Department of Finance, the Australian National Audit Office, the Queensland Department of the Premier and Cabinet, and Ergon Energy. Mr Allen is also the Chair of South Bank Corporation, which manages a major urban and cultural precinct in Brisbane.

WILLIAM RYAN
BBUS (BANKING AND FIN), GRAD CERT POLICY ANALYSIS

Appointed 19 November 2020.

William Ryan is the Head of Fiscal, Queensland Treasury, with responsibilities for managing the State's budget and balance sheet, and ensuring the long-term sustainability of Queensland's fiscal position. He forms part of Queensland Treasury's Senior Leadership Team and serves as a member of the Queensland Government Insurance Fund Governance Committee.

Prior to his current role, Mr Ryan held senior leadership roles in Queensland Treasury over a 19-year career. These roles have included developing investment programs, financial assurance modelling, infrastructure program and economic policy analysis.

MARIA WILTON AM
BEC, CFA, FAICD, FAIST

Appointed 4 July 2019.

Maria Wilton has more than 30 years' experience in the financial services industry. Ms Wilton was Chair and Managing Director of Franklin Templeton Investments Australia from 2006–2018. She previously held roles with BT Financial Group, County Investment Management, JP Morgan Investment Management and Commonwealth Treasury.

Ms Wilton is currently Vice Chair of the Global Board of Governors of the Chartered Financial Analyst Institute and Vice Chair of Infrastructure Victoria and Chair of the Audit Committee. She is a Director of Australia Post Super, Dexus Wholesale Property Fund, WorkSafe, VFMC and the Confident Girls Foundation.

TONY HAWKINS AM
B COMM, DIP OF FIN MGT, FCPA, GAICD

Appointed 4 July 2019.

Tony Hawkins has more than 45 years' experience in the insurance, financial services, mining, building and construction industries. He was the CEO of WorkCover Queensland from 1998–2016 and was responsible for a turnover of $1.5 billion.

Prior to this, Mr Hawkins held management positions at AXA Australia, National Mutual and Australian Casualty and Life.

Mr Hawkins is currently a Director at Lexon Insurance Pty Ltd and the Operations Manager at KA Hawkins Constructions Pty Ltd. He has previously held directorships at QSuper Limited and the Queensland Workplace Health and Safety Board.

PHILIP (PHIL) GRAHAM
BA (ECON, HONS), MCOM (FIN, HONS), CFA, GAICD

Appointed 4 July 2019.

Phil Graham has extensive experience in investment management, financial markets and economic policy. He is an independent member of the Lonsec Asset Allocation Committee and a consultant to AustralianSuper.

Mr Graham was Senior Portfolio Strategist and Deputy Chief Investment Officer at Mercer from 2007–2018. He also held senior roles at QIC and Access Capital Advisors, and prior to this he worked for the Reserve Bank of Australia and the ANZ Banking Group.

Mr Graham is a past-President of the CFA Society of Melbourne and was the Presidents Council Representative for the CFA Asia Pacific North and Oceania region in 2015–2019. He currently serves on the CFA Disciplinary Review Committee.

Financial Statements

For the year ended 30 June 2021

Financial Statements

Statement of comprehensive income

For the year ended 30 June 2021

	NOTE	2021 $000	2020 $000
CAPITAL MARKETS OPERATIONS			
Net gain/(loss) on financial instruments at fair value through profit or loss			
(Loss)/gain on financial assets	3	**(243 309)**	5 173 695
Gain/(loss) on financial liabilities	3	**354 846**	(5 105 688)
		111 537	68 007
Other income			
Fee income		**91 879**	81 262
Lease income		**-**	7
		91 879	81 269
Expenses			
Administration expenses	4	**(77 770)**	(73 578)
Depreciation on right of use assets	14	**(1 713)**	(1 711)
Depreciation on leased assets		**-**	(12)
Loss on disposal of plant and machinery		**-**	(17)
		(79 483)	(75 318)
Profit from Capital Markets Operations before income tax		**123 933**	73 958
Income tax expense	5	**(8 282)**	(7 091)
Profit from Capital Markets Operations after income tax		**115 651**	66 867
STATE INVESTMENT OPERATIONS*			
Net return from investments			
Net change in fair value of unit trusts		**4 676 076**	(1 105 390)
Interest on fixed rate notes		**(1 864 990)**	(1 825 104)
Net change in fair value of fixed rate notes		**(2 653 028)**	3 109 369
Management fees		**(158 058)**	(178 875)
Profit/(loss) from State Investment Operations		**-**	-
Total net profit/(loss) for the year after tax		**115 651**	66 867
Total comprehensive income/(loss) attributable to the owner		**115 651**	66 867
Total comprehensive income/(loss) derived from:			
Capital Markets Operations		**115 651**	66 867
State Investment Operations		**-**	-
Total comprehensive income/(loss)		**115 651**	66 867

**Previously Long Term Assets (refer note 1)*

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

Note: Throughout these financial statements the Capital Markets Operations and the State Investment 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 investment assets (refer note 1).

Balance sheet

As at 30 June 2021

	NOTE	2021 $000	2020 $000
ASSETS – CAPITAL MARKETS OPERATIONS			
Cash and cash equivalents	6	**11 803 213**	2 487 431
Receivables		**7 262**	6 239
Financial assets at fair value through profit or loss	7	**14 958 589**	22 170 759
Derivative financial assets	8	**336 836**	377 633
Onlendings	9	**104 611 229**	98 334 286
Property, plant and equipment	13	**2 967**	3 633
Right-of-use assets	14	**8 278**	9 991
Intangible assets		**9 462**	14 383
Deferred tax asset		**4 893**	4 590
		131 742 729	**123 408 945**
ASSETS – STATE INVESTMENT OPERATIONS*			
Financial assets at fair value through profit or loss	16	**37 814 711**	26 216 930
		37 814 711	26 216 930
Total Assets		**169 557 440**	149 625 875
LIABILITIES – CAPITAL MARKETS OPERATIONS			
Payables		**26 579**	19 974
Derivative financial liabilities	8	**238 187**	646 834
Financial liabilities at fair value through profit or loss			
- Interest-bearing liabilities	10(a)	**122 755 935**	113 188 864
- Deposits	10(b)	**8 107 683**	8 865 253
Lease liabilities	14	**15 165**	17 826
Other liabilities		**6 806**	143 471
		131 150 355	**122 882 222**
LIABILITIES – STATE INVESTMENT OPERATIONS*			
Financial liabilities at fair value through profit or loss	16	**37 814 711**	26 216 930
		37 814 711	26 216 930
Total Liabilities		**168 965 066**	149 099 152
NET ASSETS		**592 374**	**526 723**
EQUITY – CAPITAL MARKETS OPERATIONS			
Retained surplus		**592 374**	526 723
		592 374	526 723
EQUITY – STATE INVESTMENT OPERATIONS*			
Retained surplus		**-**	-
		-	-
Total Equity		**592 374**	526 723

**Previously Long Term Assets (refer note 1)*

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

Statement of changes in equity

For the year ended 30 June 2021

	NOTE	CAPITAL MARKETS OPERATIONS RETAINED SURPLUS $000	STATE INVESTMENT OPERATIONS* RETAINED SURPLUS $000	TOTAL EQUITY $000
Balance at 1 July 2019		509 856	-	509 856
Profit for the year		66 867	-	66 867
Transactions with owners in their capacity as owners:				
Dividend provided for or paid		(50 000)	-	(50 000)
Balance at 30 June 2020		**526 723**	**-**	**526 723**
Balance at 1 July 2020		526 723	-	526 723
Profit for the year		115 651	-	115 651
Transactions with owners in their capacity as owners:				
Dividend provided for or paid	24	(50 000)	-	(50 000)
Balance at 30 June 2021		**592 374**	**-**	**592 374**

**Previously Long Term Assets (refer note 1)*

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

Statement of cash flows

For the year ended 30 June 2021

	NOTE	2021 $000	2020 $000
CAPITAL MARKETS OPERATIONS			
Cash flows from operating activities			
Interest received from onlendings		**3 190 892**	3 017 502
Interest received from investments and other sources		**279 835**	337 479
Fees received		**93 390**	81 264
Net GST		**208**	(172)
Interest paid on interest-bearing liabilities		**(2 800 272)**	(3 054 005)
Interest paid on deposits		**(64 617)**	(126 763)
Administration expenses paid		**(71 654)**	(71 600)
Income tax paid		**(7 153)**	(8 638)
Net cash provided by operating activities	15(a)	**620 629**	175 067
Cash flows from investing activities			
Proceeds from sale of investments		**33 681 434**	41 490 286
Payments for investments		**(26 578 979)**	(42 205 617)
Net client onlendings		**(9 977 168)**	(9 527 259)
Payment for intangibles		**(709)**	(1 567)
Proceeds from sale of property, plant and equipment		**-**	20
Payments for property, plant and equipment		**(13)**	(321)
Net cash used in investing activities		**(2 875 435)**	(10 244 458)
Cash flows from financing activities			
Proceeds from interest-bearing liabilities		**40 285 045**	62 312 835
Repayment of interest-bearing liabilities		**(27 908 582)**	(52 967 165)
Net client deposits		**(755 875)**	1 684 013
Dividends paid		**(50 000)**	(50 000)
Net cash provided by financing activities	15(b)	**11 570 588**	10 979 683
Net increase in cash and cash equivalents held		**9 315 782**	910 292
Cash and cash equivalents at 1 July		**2 487 431**	1 577 139
Cash and cash equivalents at 30 June	6	**11 803 213**	2 487 431

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

Notes to the Financial Statements

For the year ended 30 June 2021

Contents

1 General information

Queensland Treasury Corporation (QTC) is the Queensland Government's central financing authority. It also provides a range of financial services to State public sector entities, local governments and universities. 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.

QTC's business operations are made up of two segments, namely Capital Markets Operations and State Investment Operations (SIO).

Capital Markets Operations

QTC's Capital Markets Operations include debt funding, cash management, financial risk management advisory and specialist public finance education.

These services are undertaken on a cost-recovery basis with QTC lending to its clients at an interest rate based on its cost of funds plus a loan administration fee to cover the cost of administering the loans. QTC passes on the returns of asset management to its clients and retains the unrealised gains/losses associated with credit spread movements on its balance sheet until the sale of the asset or its maturity. The gains/losses associated with QTC's management of these loans is passed on to the State Consolidated Fund.

QTC's Capital Markets Operations also generate a profit or loss reflecting the net return from financial markets instruments held for capital and liquidity purposes. In undertaking these activities, QTC maintains adequate capital to manage its risks having regard to its Capital Policy.

State Investment Operations

SIO consists of portfolios of assets that were transferred to QTC by the State Government. This segment was previously called the Long Term Assets (LTA) segment.

The assets of this segment are held in unit trusts managed by QIC Limited (QIC) and overseen by the State Investment Advisory Board (SIAB). These assets are invested in two portfolios, the LTA portfolio and the Queensland Future Fund (QFF) portfolio. Each portfolio has its own investment management agreement.

Long Term Assets

The LTA portfolio consists of assets that were transferred to QTC by the State in 2008 to fund the State's superannuation and other long-term obligations. In 2020-21, the Queensland Government contributed a 25 per cent share of Queensland Titles Registry Pty Ltd to the LTA portfolio.

Queensland Future Fund

The QFF and its sub fund, the Debt Retirement Fund (DRF) were established as funds under the *Queensland Future Fund Act 2020*. The DRF was set up to support both the State's credit rating and generate returns to reduce the State's debt burden. The initial investment in the DRF was a transfer of $1 billion from the surplus assets of the defined benefit superannuation investment account of the LTA portfolio in April 2021. Further contributions made to the DRF in the financial year included a 75 per cent share of Queensland Titles Registry Pty Ltd at an initial value of $6 billion, $206 million of other securities and a further transfer of $500 million surplus assets held to support the defined benefit superannuation scheme.

Withdrawals from the DRF are limited to amounts to reduce the State's debt, and fees or expenses associated with administering the fund by the *Queensland Future Fund Act 2020.*

Fixed Rate Notes

A Fixed Rate Note (FRN) has been issued by QTC for each of the portfolios of SIO in return for the transfer of assets from the State.

The FRN issued to match the LTA portfolio has an interest rate of 6.5% per annum (2020: 6.5%) which accrues on the book value of the FRN and is for the benefit of the State's Consolidated Fund.

The FRN issued in return for the initial transfer of assets to the QFF is for the benefit of Queensland Treasury. Interest at a rate of 6.5% per annum accrues on the book value of this FRN.

Recognising the direct relationship between the FRN and the assets of SIO, any difference between the return paid by QTC on the FRN and the return received by QTC on the invested assets is recognised in the financial statements annually as a market value adjustment to the value of the FRN. Any market value adjustment does not impact QTC's Capital Markets Operations or its ability to meet its obligations.

SIAB members include representatives from Queensland Treasury and three external members with experience in investment management and insurance and has been delegated all responsibility for overseeing SIO within a framework provided by the State Government. This includes determining an appropriate investment strategy, monitoring investment performance and the performance of the investment manager (QIC), and monitoring compliance with relevant internal controls, standards and legislation. The formulation of strategic asset allocation, performance and monitoring of SIO's assets is therefore distinct from QTC's Capital Markets Board and day-to-day Capital Markets Operations and is the responsibility of SIAB and its appointed investment manager (QIC).

Each year, QTC's Capital Markets Board receives relevant information about the assets of SIO in order to prepare financial statements in accordance with Australian Accounting Standards and other prescribed requirements. QIC is responsible for assisting SIAB to provide this relevant information to the QTC Capital Markets Board.

Notes to the Financial Statements

For the year ended 30 June 2021

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 2021 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 2019, and the Financial Reporting Requirements for Queensland Government Agencies (as applicable to statutory bodies) for reporting periods beginning on or after 1 July 2020.

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

Changes to the Conceptual Framework for Financial Reporting and new and amended accounting standards are effective for the year ended 30 June 2021. None of these changes, new standards or interpretations have been deemed to have any material impact on the financial statements.

Standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been issued that are not mandatory for the current reporting period. The future adoption of Australian Accounting Standards and Interpretations issued but not yet effective are not expected to have a material impact on QTC's financial statements, however they may result in minor changes to how information is currently disclosed.

Basis of measurement

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

Functional and presentation currency

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

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

(b) Foreign currency

Foreign currency transactions are initially translated into Australian dollars at the rate of exchange applying at the date of the transaction. At balance date, amounts payable to and by QTC in foreign currencies have been valued using current exchange rates after considering 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
- deposits, and
- fixed rate notes

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 on lent. 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 11(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) Fee income

Fee income includes:

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

(h) 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 State Consolidated Fund is made by way of dividends which are provided for following approval by the Board after considering QTC's capital requirements.

Notes to the Financial Statements

For the year ended 30 June 2021

2 Significant accounting policies and other explanatory information continued

(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.

(j) Intangible assets

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

(k) Impairment

Where an impairment is recognised the following methodology is applied:

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 QTC's debtors and relevant industry data form part of QTC'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.

(l) 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.

(m) Rounding

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

(n) Comparative figures

No material adjustments have been made to prior year comparatives.

(o) Judgements and assumptions

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

Fair value of financial assets and financial liabilities

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

Judgement may be applied in selecting valuation methods or assumptions where an active market quote is not available (refer notes 12 and 18).

Investments in Queensland Treasury Holdings Pty Ltd (QTH)

Queensland Treasury holds a 60% beneficial interest in QTH and 76% of the voting rights. The remaining 40% beneficial interest and 24% 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.

COVID-19 and other Environmental, Social, and Governance (ESG) related impacts

The majority of QTC's assets (onlendings and cash and cash equivalents) are valued daily at fair value and therefore no further adjustment is required as a result of COVID-19, climate change, changes to laws and regulations or other policies adopted by governments or regulatory authorities. Counterparty credit risk and credit risk associated with QTC's clients is separately monitored by QTC (refer note 11(c)). ESG and other sustainability risks are key considerations in determining credit ratings. The majority of QTC's onlendings are guaranteed by the State, including lending to carbon intensive businesses.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

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.

	2021 $000	2020 $000
Net gain/(loss) on financial assets at fair value through profit or loss		
Cash and cash equivalents	**16 690**	15 292
Financial assets at fair value through profit or loss	**81 683**	419 113
Derivatives	**30 951**	160 202
Onlendings	**(372 633)**	4 579 088
	(243 309)	5 173 695
Net gain/(loss) on financial assets at fair value through profit or loss		
Financial liabilities at fair value through profit or loss		
- Short-term	**169 285**	(199 828)
- Long-term	**354 350**	(4 541 637)
Deposits	**(62 922)**	(119 180)
Derivatives	**(87 578)**	(227 207)
Other	**(18 289)**	(17 836)
	354 846	(5 105 688)

During the year ended 30 June 2021, long term yields rose leading to a decline in the market value of financial assets and in particular QTC's onlendings. This loss was offset by a decrease in the market value of financial liabilities.

4 Administration expenses

	2021 $000	2020 $000
Salaries and related costs	**44 803**	43 751
Superannuation contributions	**3 603**	3 840
Contractors	**1 863**	459
Consultants' fees	**1 107**	2 399
Information and registry services	**3 380**	3 468
Depreciation on property, plant and equipment	**680**	630
Amortisation and impairment on intangible assets (1)	**5 630**	2 152
Office occupancy	**1 967**	1 722
Information and communication technology	**11 440**	11 225
Other administration expenses	**3 297**	3 932
	77 770	73 578

(1) During the annual review of intangible assets it was decided that due to advances in technology, the estimated useful life of Findur and OnesumX software would be reduced. This has resulted in an increase in amortisation cost of $3.2 million for 2021.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

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 State 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 SIO segment.

	2021 $000	2020 $000
Current tax	**8 606**	7 153
Deferred tax (income)/expense	**(324)**	(62)
Total income tax expense recognised in the year	**8 282**	7 091
Numerical reconciliation between income tax expense and pre-tax accounting profit		
Profit for the year before tax	**123 933**	73 958
Less profits/(losses) from non-taxable portfolios:		
- Capital Markets Operations	**96 022**	50 327
- State Investment Operations	**-**	-
Operating profit from taxable portfolios	**27 911**	23 631
Tax at the Australian tax rate of 30% on taxable portfolios	**8 373**	7 089
Effect of non-deductible items	**(91)**	2
Income tax expense	**8 282**	7 091

6 Cash and cash equivalents

Accounting Policy

Cash and cash equivalents include cash on hand and on demand deposits which are highly liquid investments and readily convertible to cash.

	2021 $000	2020 $000
Cash at bank	**11 803 213**	2 487 431
	11 803 213	2 487 431

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

7 Financial assets at fair value through profit or loss

Accounting Policy

Financial assets are recognised on the balance sheet when QTC becomes party to the contractual provisions of the financial instrument with gains and losses recognised in the income statement.

All financial assets are measured at fair value 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.

	2021 $000	2020 $000
Discount securities	**1 404 764**	6 248 681
Commonwealth and state securities (1)	**1 840 526**	1 890 341
Floating rate notes	**8 254 147**	8 973 685
Term deposits	**2 776 061**	3 590 075
Other investments	**683 091**	1 467 977
	14 958 589	22 170 759

(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 2021, $9.4 billion (2020: $8.6 billion) of financial assets will mature after 12 months.

8 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.

	2021 $000	2020 $000
Derivative financial assets		
Interest rate swaps	**224 737**	291 741
Cross currency swaps	**49 657**	72 743
Foreign exchange contracts	**59 924**	11 950
Futures contracts	**2 518**	1 199
	336 836	377 633
Derivative financial liabilities		
Interest rate swaps	**(177 299)**	(506 650)
Cross currency swaps	**(51 758)**	(75 813)
Foreign exchange contracts	**-**	(17 053)
Futures contracts	**(9 130)**	(47 318)
	(238 187)	(646 834)
Net derivatives	**98 649**	(269 201)

As at 30 June 2021, derivatives with a net liability position of $38.9 million have maturity dates exceeding 12 months (2020: net liability position of $298.1 million).

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

9 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 cost 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.

	2021 $000	2020 $000
Government departments and agencies	**48 965 762**	42 133 893
Government owned corporations	**28 609 158**	28 686 077
Statutory bodies	**19 744 887**	20 320 437
Local governments	**6 883 658**	6 797 068
QTC related entities (1)	**102 898**	104 391
Other bodies (2)	**304 866**	292 420
	104 611 229	98 334 286

(1) QTC related entities includes DBCT Holdings Pty Ltd.

(2) Other bodies include loans advanced under the Industry Support Package.

At 30 June 2021, client deposits of $2.3 billion were placed in redraw facilities and offset the value of onlendings in the balance sheet (2020: nil). The gross value of onlendings at 30 June 2021 was $106.9 billion (2020: $98.3 billion).

As at 30 June 2021, $91.6 billion (2020: $98.1 billion) of repayments are expected to be received after 12 months.

During the year ended 30 June 2021 the State provided financial assistance in the form of loans and grants to various Queensland private sector entities. This program was called the Industry Support Package (ISP). At 30 June 2021, $36.5 million remained outstanding on loans advanced under the ISP. Each loan in this package was negotiated individually and contains different terms and conditions and is guaranteed by the State. The maximum term for the ISP loans is 10 years with all loans expected to be repaid by September 2030.

10 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.

	2021 $000	2020 $000
Interest-bearing liabilities		
Short-term		
Treasury notes	**3 174 801**	4 714 972
Commercial paper	**2 460 771**	1 321 736
	5 635 572	6 036 708
Long-term		
AUD Bonds	**105 388 979**	97 745 424
Floating rate notes	**10 082 630**	7 629 841
Medium-term notes	**1 276 180**	1 462 903
Other	**372 574**	313 988
	117 120 363	107 152 156
Total interest-bearing liabilities	**122 755 935**	113 188 864

QTC borrowings are guaranteed by the Queensland Government under the *Queensland Treasury Corporation Act 1988*.
As at 30 June 2021, $114.6 billion (2020: $98.6 billion) 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 11(a)(i).

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

10 Financial liabilities at fair value through profit or loss continued

(a) Interest-bearing liabilities continued

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

AS AT 30 JUNE 2021	FAIR VALUE $000	REPAYMENT AT MATURITY $000	DIFFERENCE $000
Interest-bearing liabilities			
Short-term			
Treasury notes	**3 174 801**	**3 175 000**	**(199)**
Commercial paper	**2 460 771**	**2 594 228**	**(133 457)**
	5 635 572	**5 769 228**	**(133 656)**
Long-term			
AUD Bonds	**105 388 979**	**115 650 611**	**(10 261 632)**
Floating rate notes	**10 082 630**	**10 292 668**	**(210 038)**
Medium-term notes	**1 276 180**	**1 486 560**	**(210 380)**
Other	**372 574**	**376 977**	**(4 403)**
	117 120 363	**127 806 816**	**(10 686 453)**
Total interest-bearing liabilities	**122 755 935**	**133 576 044**	**(10 820 109)**

AS AT 30 JUNE 2019	FAIR VALUE $000	REPAYMENT AT MATURITY $000	DIFFERENCE $000
Interest-bearing liabilities			
Short-term			
Treasury notes	**4 714 972**	**4 716 000**	**(1 028)**
Commercial paper	**1 321 736**	**1 321 774**	**(38)**
	6 036 708	**6 037 774**	**(1 066)**
Long-term			
AUD Bonds	**97 745 424**	**84 260 055**	**13 485 369**
Floating rate notes	**7 629 841**	**7 630 000**	**(159)**
Medium-term notes	**1 462 903**	**1 117 441**	**345 462**
Other	**313 988**	**304 402**	**9 586**
	107 152 156	**93 311 898**	**13 840 258**
Total interest-bearing liabilities	**113 188 864**	**99 329 672**	**13 839 192**

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

10 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 that are sold under agreements to repurchase are disclosed as deposits.

	2021 $000	2020 $000
Client deposits		
Local governments	**4 029 212**	3 602 330
Statutory bodies	**3 404 693**	3 002 217
Government departments and agencies	**78 308**	80 598
Government owned corporations	**144 543**	131 592
QTC related entities (1)	**114 683**	94 494
Other depositors	**189 180**	143 603
	7 960 619	7 054 834
Collateral held	**147 064**	56 739
Repurchase agreements	**—**	1 753 680
	147 064	1 810 419
Total deposits	**8 107 683**	8 865 253

(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 2021, $8.0 billion (2020: $8.8 billion) will mature within 12 months.

11 Financial risk management

QTC's activities expose it to a variety of financial risks including market risk (including foreign exchange risk and interest rate risk), funding and 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 Executive Leadership Team under delegated authority from the 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 Policy. QTC has no legal, regulatory or accounting requirement to hold capital however, its Capital Policy sets out how QTC should manage its capital. QTC endeavours to maintain adequate capital to support its business activities risk profile and risk appetite.

(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 arising from the impact of movements in foreign exchange rates and interest rates. 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 to reduce the risk associated with refinancing maturing loans.

As a consequence of market price movements, there are residual risk positions that 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

Capital Markets Operations

For the year ended 30 June 2021

11 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	
	2021 $000	2020 $000	**2021 $000**	2020 $000	**2021 $000**	2020 $000	**2021 $000**	2020 $000
USD	**(2 311 346)**	(999 484)	—	495 270	2 311 346	504 214	—	—
CHF	**(158,715)**	(168 449)	—	—	158 715	168 449	—	—
GBP	**—**	(322 290)	—	—	—	322 290	—	—
JPY	**(180 376)**	(203 241)	—	—	180 376	203 241	—	—
EUR	**(721 451)**	(745 751)	79 106	81 771	642 345	663 980	—	—

(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's funding are passed on to the State Consolidated Fund, ensuring that QTC is effectively immunised from interest rate risk with respect to these portfolios.

QTC's interest rate risk, which results from borrowing in advance and investing surplus funds in high credit quality, highly liquid assets, is managed with consideration given to duration risk, yield curve risk, basis risk and Value-at-Risk (VaR).

QTC uses a Board approved VaR framework to manage QTC's exposure to market risk complemented by other measures such as defined stress tests. The VaR measure estimates the potential mark-to-market loss over a given holding period at a 99% confidence level. QTC uses the historical simulation approach to calculate VaR with a holding period of ten business days.

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 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, as well as cash, bank bill and bond futures contracts and QTC's yield curve.

Client deposits in the QTC Cash Fund are invested on behalf of clients and returns received from these investments are passed onto QTC's clients except for 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 spread changes are typically reversed over the life of the assets.

(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 zero per cent capital risk weighting. Even in difficult market circumstances, this generally ensures QTC debt is in high demand. Demand is further supported by the fact that QTC borrowings are guaranteed by the Queensland Government, (QTC has been rated AA+/Aa1/AA by ratings agencies Standard & Poors, Moody's and Fitch respectively) and that QTC benchmark bonds are Reserve Bank of Australia (RBA) repurchase agreement eligible (repo eligible). The ability to readily issue debt is considered a potential source of liquidity.

QTC maintains appropriate liquidity to meet minimum requirements as defined by the Board. Limits are set by the Board and reviewed annually for the following liquidity metrics:

- QTC Liquidity Coverage Ratio – QTC must maintain a minimum liquidity balance sufficient to cover a stressed liquidity requirement over 90 calendar days of outflows.
- Standard & Poor's Liquidity Ratio – QTC must maintain a minimum ratio of liquid assets to debt servicing requirements at all times over a rolling 12 month horizon.
- Cash Flow Waterfall – QTC must maintain positive cash equivalents net of all inflows and outflows over a set horizon.

In addition to adhering to Board approved liquidity metrics, QTC holds liquid assets in the form of public sector entity deposits and investments owned by SIO.

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 a Green Bond Program, Euro and US medium-term note facilities and Euro and US commercial paper facilities to take advantage of alternative funding opportunities in global markets. These facilities ensure that QTC is readily able to access both the domestic and international financial markets.

Except for 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.

Except for 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.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

11 Financial risk management continued

(b) Liquidity and financing risks continued

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

CONTRACTUAL MATURITIES AS AT 30 JUNE 2021	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	11 803 213	-	-	-	-	11 803 213	11 803 213
Receivables	7 262	-	-	-	-	7 262	7 262
Onlendings (1)	1 133 459	1 108 672	1 284 119	14 068 787	95 460 106	113 055 143	104 611 229
Financial assets at fair value through profit or loss	2 529 589	2 450 967	698 604	6 831 173	3 908 991	16 419 324	14 958 589
Total financial assets	15 473 523	3 559 639	1 982 723	20 899 960	99 369 097	141 284 942	131 380 293
Financial liabilities							
Payables	(26 579)	-	-	-	-	(26 579)	(26 579)
Deposits	(7 779 197)	(377 209)	(20 809)	(9 013)	(92 327)	(8 278 555)	(8 107 683)
Financial liabilities at fair value through profit or loss							
- Short-term	(3 715 528)	(1 903 701)	(150 000)	-	-	(5 769 229)	(5 635 572)
- Long-term	(1 811 267)	(78 646)	(4 334 921)	(49 840 758)	(71 741 222)	(127 806 814)	(117 120 363)
Total financial liabilities	(13 332 571)	(2 359 556)	(4 505 730)	(49 849 771)	(71 833 549)	(141 881 177)	(130 890 197)
Derivatives							
Interest rate swaps	6 103	(6 027)	5 147	(27 875)	72 267	49 615	47 438
Cross currency swaps	(1 198)	(5 928)	(19 058)	(108 264)	(432 061)	(566 509)	(2 101)
Foreign exchange contracts	2350	-	-	-	-	2350	59 924
Futures contracts	(1 536 000)	-	-	-	-	(1 536 000)	(6 612)
Net derivatives	(1 528 745)	(11 955)	(13 911)	(136 139)	(359 794)	(2 050 544)	98 649
Net (liabilities)/assets	612 207	1 188 128	(2 536 918)	(29 085 950)	27 175 754	(2 646.779)	588 745
Cumulative	612 207	1 800 335	(736 583)	(29 822 533)	(2 646 779)	-	-

(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 on lent 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 that 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. While interest rate risk mismatches are hedged with swap and futures contracts, this approach requires QTC to undertake periodic refinancing of its liabilities.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

11 Financial risk management continued

(b) Liquidity and financing risks continued

CONTRACTUAL MATURITIES AS AT 30 JUNE 2020	3 MONTHS OR LESS $000	3 - 6 MONTHS $000	6 - 12 MONTHS $000	1 - 5 YEARS $000	MORE THAN 5 YEARS $000	TOTAL $000	FAIR VALUE $000
Financial assets							
Cash and cash equivalents	2 487 431	-	-	-	-	2 487 431	2 487 431
Receivables	6 239	-	-	-	-	6 239	6 239
Onlendings(1)	3 114 474	3 214 281	3 545 480	14 802 798	83 420 266	108 097 299	98 334 286
Financial assets at fair value through profit or loss	8 180 839	7 279 998	1 912 980	9 993 376	4 393 697	31 760 890	22 170 759
Total financial assets	13 788 983	10 494 279	5 458 460	24 796 174	87 813 963	142 351 859	122 998 715
Financial liabilities							
Payables	(19 974)	-	-	-	-	(19 974)	(19 974)
Deposits	(6 591 677)	(2 052 568)	(20 772)	(8 593)	(94 305)	(8 767 915)	(8 865 253)
Financial liabilities at fair value through profit or loss							
- Short-term	(2 472 774)	(3 565 000)	-	-	-	(6 037 774)	(6 036 708)
- Long-term	(1 446 575)	(137 674)	(10 089 566)	(43 862 187)	(58 448 725)	(113 984 727)	(107 152 156)
Total financial liabilities	(10 531 000)	(5 755 242)	(10 110 338)	(43 870 780)	(58 543 030)	(128 810 390)	(122 074 091)
Derivatives							
Interest rate swaps	7 888	5 922	12 739	(99 021)	(151 047)	(223 519)	(214 908)
Cross currency swaps	(26 959)	(9 811)	(36 274)	(125 750)	(383 193)	(581 987)	(3 070)
Foreign exchange contracts	(3 413)	-	-	-	-	(3 413)	(5 104)
Futures contracts	9 600	-	-	-	-	9 600	(46 119)
Net derivatives	(12 884)	(3 889)	(23 535)	(224 771)	(534 240)	(799 319)	(269 201)
Net (liabilities)/assets	3 245 099	4 735 148	(4 675 413)	(19 299 377)	28 736 693	12 742 150	655 423
Cumulative	3 245 099	7 980 247	3 304 834	(15 994 543)	12 742 150	-	-

(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 on lent 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 that 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. While interest rate risk mismatches are hedged with swap and futures contracts, this approach requires QTC to undertake periodic refinancing of its liabilities.

(c) Credit risk

(i) Financial markets counterparties

Financial markets credit exposure is estimated as the potential loss at balance date associated with QTC's investments in the cash fund and other direct investments in financial instruments. In addition, QTC has credit exposure in the form of derivative contracts. Credit risk is the risk that these counterparties are not able to meet the payment obligations associated with QTC's investments.

The credit exposure for non-derivative investments is calculated daily based on the higher of the market value or face value of the instrument. In contrast, exposure to derivative contracts is based only on a notional 'add-on' factor applied to the value of the instrument. Derivatives are marked-to-market daily with zero thresholds under all QTC's credit support annexes. QTC uses collateral arrangements to limit its exposure to counterparties with which it trades derivatives (refer (iv) master netting arrangements).

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

11 Financial risk management continued

(c) Credit risk continued

(i) Financial markets counterparties continued

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

BY CREDIT RATING(1) 30 JUNE 2021	AAA $000	AA+ $000	AA $000	AA- $000	A+ $000	A $000	OTHER(2) $000	TOTAL $000
Cash & equivalents	**-**	**-**	**-**	**11 803 213**	**-**	**-**	**-**	**11 803 213**
Financial assets(3)	**2 069 924**	**1 083 854**	**451 715**	**7 456 454**	**2 957 201**	**797 203**	**-**	**14 816 351**
Derivatives	**-**	**-**	**-**	**48 403**	**12 795**	**-**	**-**	**61 198**
	2 069 924	**1 083 854**	**451 715**	**19 308 070**	**2 969 996**	**797 203**	**-**	**26 680 762**
	8%	**4%**	**2%**	**72%**	**11%**	**3%**	**0%**	**100%**

BY CREDIT RATING(1) 30 JUNE 2020	AAA $000	AA+ $000	AA $000	AA- $000	A+ $000	A $000	OTHER(2) $000	TOTAL $000
Cash & equivalents	-	-	-	2 487 431	-	-	-	2 487 431
Financial assets(3)	2 247 083	837 825	-	14 518 660	2 346 260	1 759 864	114 956	21 824 648
Derivatives	1 751	-	-	57 506	16 764	-	-	76 021
	2 248 834	837 825	-	17 063 597	2 363 024	1 759 864	114 956	24 388 100
	10%	3%	-	70%	10%	7%	0%	100%

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

(2) Includes long-term ratings of A- and BBB+, 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 has a significant concentration of credit risk to the banking sector and in particular, the domestic banking sector. At 30 June 2021, QTC's exposure to systemically important domestic banks (which are rated AA-) was approximately 40% (2020: 57%). The exposure to domestic banks reflects the structure of the Australian credit markets which are themselves dominated by issuance from these entities. Key characteristics of these entities are continuously monitored including their regulatory requirements, additional capital buffers, type of issuance and the impact of exigent developments.

QTC adopts a conservative approach to the management of credit risk with a strong bias to high credit quality counterparties. QTC has a requirement to invest with counterparties rated BBB+ or better, and that have their head offices in politically stable countries with strong legal and regulatory frameworks associated with financial institutions and financial markets.

QTC's Board establishes maximum counterparty dollar value and term limits related to issuer credit ratings. Actual limits for individual counterparties will be within these Board limits and depend on the country of domicile, performance against key credit metrics and other factors related to asset quality, level of capital and size of funding program.

Ratings agencies are used as the prime source of credit ratings information by QTC's credit team. This information is supported by the credit team's own credit analysis methodology and practice for exposure monitoring and reporting.

(ii) Onlending counterparties

QTC is also exposed to the credit risk associated with onlendings to clients. Except for some small exposures to private companies and exposures as part of the ISP(1), QTC on-lends funds to Queensland Government sector entities (including Queensland Treasury, statutory bodies and Government owned corporations) and non-State Government entities (including, local governments, universities and grammar schools).

Most of QTC's onlendings (72.0% in 2021 and 70.3% in 2020) are explicitly guaranteed by the State, including the loans that form the ISP and all debt held by clients operating in key ESG impacted areas such as coal-based power generation. QTC is directly exposed to credit default risk to the extent of its non-guaranteed lending of approximately $29.6 billion at 30 June 2021 (2020: $29.6 billion).

QTC's outstanding client onlending exposures are actively monitored in accordance with an approved Client Credit Procedure. This procedure includes regular Credit Reviews and covenant monitoring to ensure all counterparties maintain adequate debt serviceability and long term financial stability.

QTC has a robust credit assessment and ratings methodology in place that informs its onlending recommendations to the State. This methodology includes analysis of quantitative and qualitative factors (industry, regional, demographic, and economic characteristics) across a number of years. An assessment of a client's performance against key credit metrics is made and borrowing recommendations are appraised by an independent Credit Committee prior to being communicated to the State.

QTC adopts a cautious risk appetite to ensure onlendings are provided to clients with satisfactory credit profiles. The majority of QTC's onlending clients maintain an adequate financial buffer to manage short term financial shocks, though longer term financial impacts may adversely affect their performance. Of the non-guaranteed onlending, 99 per cent has been provided to clients that have been assigned a credit rating of Moderate or above by QTC. QTC's Moderate credit rating approximates to an Investment Grade rating used by the major Rating Agencies.

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

QTC's borrowings are largely guaranteed by the State Government. As a result, credit risk is not a significant factor in the determination of fair value. Changes in fair value are mainly attributable to the market fluctuations.

(1) As noted in Note 9, during the year ended 30 June 2021, the State provided financial assistance in the form of loans and grants to various Queensland private sector entities. This program was called the ISP.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

11 Financial risk management continued

(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 therefore presents 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.

		RELATED TO AMOUNTS NOT SET OFF IN THE BALANCE SHEET		
	GROSS AND NET AMOUNTS ON THE BALANCE SHEET $000	FINANCIAL INSTRUMENTS COLLATERAL $000	CASH COLLATERAL RECEIVED OR GIVEN $000	NET AMOUNT $000
2021				
Derivative assets:				
- subject to master netting arrangements	**336 836**	-	**54 880**	**391 716**
Derivative liabilities:				
- subject to master netting arrangements	**(238 187)**	-	**(147 060)**	**(385 247)**
Net exposure	**98 649**	-	**(92 180)**	**6 469**
2020				
Derivative assets:				
- subject to master netting arrangements	377 633	-	(371 483)	6 150
Derivative liabilities:				
- subject to master netting arrangements	(646 834)	-	645 671	(1 163)
Net exposure	(269 201)	-	274 188	4 987

12 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 QTC's financial instruments at fair value through profit or loss are valued with reference to either quoted market prices or observable inputs, with no significant adjustments applied to instruments held. QTC holds no Level 3 financial instruments.

Financial assets classified as Level 1 consist primarily of short-term and tradeable 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.

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

12 Fair value hierarchy continued

AS AT 30 JUNE 2021	QUOTED PRICES LEVEL 1 $000	OBSERVABLE INPUTS LEVEL 2 $000	TOTAL $000
Financial assets			
Cash and cash equivalents	**11 803 213**	**-**	**11 803 213**
Financial assets through profit or loss	**9 042 835**	**5 915 754**	**14 958 589**
Onlendings	**-**	**104 611 229**	**104 611 229**
Derivative financial assets	**168**	**336 668**	**336 836**
Total financial assets	**20 846 216**	**110 863 651**	**131 709 867**
Financial liabilities			
Financial liabilities through profit or loss			
- Short-term	**-**	**5 635 572**	**5 635 572**
- Long-term	**100 786 473**	**16 333 890**	**117 120 363**
Deposits	**-**	**8 107 683**	**8 107 683**
Derivative financial liabilities	**9 129**	**229 058**	**238 187**
Total financial liabilities	**100 795 602**	**30 306 203**	**131 101 805**

AS AT 30 JUNE 2020	QUOTED PRICES LEVEL 1 $000	OBSERVABLE INPUTS LEVEL 2 $000	TOTAL $000
Financial assets			
Cash and cash equivalents	2 487 431	-	2 487 431
Financial assets through profit or loss	14 556 626	7 614 133	22 170 759
Onlendings	-	98 334 286	98 334 286
Derivative financial assets	1 199	376 434	377 633
Total financial assets	17 045 256	106 324 853	123 370 109
Financial liabilities			
Financial liabilities through profit or loss			
- Short-term	-	6 036 708	6 036 708
- Long-term	93 757 676	13 394 480	107 152 156
Deposits	-	8 865 253	8 865 253
Derivative financial liabilities	47 318	599 516	646 834
Total financial liabilities	93 804 994	28 895 957	122 700 951

13 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:

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

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each financial year end. Reconciliations of the carrying amounts for property, plant and equipment are set out below:

	2021 $000	2020 $000
Cost at balance date	**5 765**	5 770
Accumulated depreciation and impairment	**(2 798)**	(2 137)
Net carrying amount	**2 967**	3 633
Movement		
Net carrying amount at beginning of year	**3 633**	3 942
Additions	**14**	321
Depreciation expense	**(680)**	(630)
Net carrying amount at end of year	**2 967**	3 633

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

14 Right of use assets and lease liabilities

Accounting Policy

All leases, other than short-term leases and leases of low value assets, are recognised on balance sheet as lease liabilities and right-of-use assets. On initial recognition the carrying amount of the lease liability is measured at the present value of the current leasing commitments. Lease payments are discounted at the rate implicit in the lease or at QTC's incremental borrowing rate if the implicit interest rate cannot be readily determined.

Right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Lease payments made at or before the commencement date and any lease incentives received
- Initial direct costs incurred, and
- The initial estimate of restoration costs.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. Depreciation rates are as follows:

Asset class	Depreciation rate
Lease property	7%

Carrying amounts of right of use assets and the movements during the period are set out below:

	2021 $000	2020 $000
Cost at balance date	**11 702**	11 702
Accumulated depreciation and impairment	**(3 424)**	(1 711)
Net carrying amount at end of year	**8 278**	9 991
Movement		
Net carrying amount at beginning of year	**9 991**	11 702
Additions	**-**	-
Depreciation expense	**(1 713)**	(1 711)
Net carrying amount at end of year	**8 278**	9 991

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2021 $000	2020 $000
Net carrying amount at beginning of year	**17 826**	20 338
Interest	**270**	313
Lease repayments	**(2 931)**	(2 825)
Net carrying amount at end of year	**15 165**	17 826

Notes to the Financial Statements

Capital Markets Operations

For the year ended 30 June 2021

15 Notes to the statement of cash flows

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

	2021 $000	2020 $000
Profit for the year	**115 651**	66 867
Non-cash flows in operating surplus		
(Gain)/loss on interest-bearing liabilities	**(3 552 597)**	1 783 992
(Gain)/loss on deposits held	**(838)**	821
Loss/(gain) on onlendings	**3 550 453**	(1 576 339)
Loss/(gain) on financial assets at fair value through profit or loss	**176 137**	(226 490)
Depreciation and amortisation	**8 023**	2 793
Loss on disposal of plant and machinery	**-**	17
Changes in assets and liabilities		
Increase in financial assets at fair value through profit or loss	**(25 626)**	(30 644)
Increase in deferred tax asset	**(303)**	(66)
Decrease in onlendings	**12 743**	14 753
(Increase)/decrease in receivables	**(1 042)**	471
Increase in interest-bearing liabilities	**334 558**	82 407
Decrease in deposits	**(857)**	(8 405)
Increase in payables and other liabilities	**4 327**	64 890
Net cash used in operating activities	**620 629**	175 067

(b) Reconciliation of liabilities arising from financing activities

AS AT 30 JUNE 2021	OPENING BALANCE $000	CASH FLOWS $000	FAIR VALUE MOVEMENT $000	FOREIGN EXCHANGE MOVEMENT $000	OTHER NON-CASH MOVEMENT $000	CLOSING BALANCE $000
Interest-bearing liabilities (1)	**113 835 698**	**12 376 463**	**(3 318 628)**	**(233 969)**	**334 558**	**122 994 122**
Deposits	**8 865 253**	**(755 875)**	**(838)**	**-**	**(857)**	**8 107 683**
Dividend paid	**-**	**(50 000)**	**-**	**-**	**50 000**	**-**
	122 700 951	**11 570 588**	**(3 319 466)**	**(233 969)**	**383 701**	**131 101 805**
AS AT 30 JUNE 2020						
Interest-bearing liabilities (1)	102 411 544	9 345 670	1 637 999	145 993	294 492	113 835 698
Deposits	7 183 040	1 684 013	(821)	-	(979)	8 865 253
Dividend paid	-	(50 000)	-	-	50 000	
	109 594 584	10 979 683	1 637 178	145 993	343 513	122 700 951

(1) Includes derivatives

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2021

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 managed by QIC. These investments include cash, international equities and other diversified products which are measured at market value based on a hard close unit price quoted by QIC (adjusted for fees outstanding on the account and net of any GST recoverable) for the end of the financial year.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss consist of FRNs issued to the State in exchange for portfolios of assets. The FRNs were initially recognised at a value that equated to the fair value of the financial assets contributed by the State. The FRNs will terminate upon the greater of 50 years from the initial transaction date or the date that the FRNs are repaid in full. The market value of the FRNs is payable by QTC to the State. Interest on the FRNs is capitalised monthly. The FRN interest rate may be varied by the State under the terms of their corresponding agreements.

Recognising the direct relationship between the FRNs and the assets of SIO, financial liabilities at fair value through profit or loss are determined by reflecting the changes (including market value movements) in the value of the invested assets of the portfolio, as equivalent market value movements in the FRNs. That is, any difference between the return paid by QTC on the FRNs and the return received by QTC on the invested assets is recognised as a market value adjustment to the value of the FRNs, eliminating any accounting mismatch between the financial assets and liabilities in this segment.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	$000 LTA (1)	2021 $000 QFF (2)	$000 TOTAL STATE INVESTMENT OPERATIONS	2020 $000
Investments in unit trusts and other holdings - QIC:				
Movement during the year:				
Opening balance	**26 216 930**	—	26 216 930	29 345 910
Deposits (3)	**2 747 056**	6 195 724	8 942 780	—
Transfers	**(1 500 000)**	1 500 000	—	—
Withdrawals (3)	**(1 863 018)**	—	(1 863 018)	(1 844 715)
Fees paid	**(155 387)**	(2 671)	(158 058)	(178 875)
Net change in fair value of unit trusts	**4 626 911**	49 166	4 676 077 (4)	(1 105 390)
Closing balance	**30 072 492**	7 742 219	37 814 711	26 216 930

(1) The LTA are assets held to fund the defined benefit superannuation and other long term obligations of the State.
(2) At 30 June 2021, the only sub fund of the QFF is the DRF. The DRF was established to support both the State's credit rating and generate returns to reduce the State's debt burden.
(3) For every investment deposited or withdrawal from the LTA or QFF, there is an equivalent increase or decrease to the corresponding FRN.
(4) The net change in the fair value of the unit trusts was positive in 2021, reflecting the higher returns achieved on the assets invested when compared to the interest paid by QTC on the FRN of 6.5%. In the previous year, the return on assets invested was negative, reflecting the lower returns achieved on the assets invested when compared to the interest paid by QTC on the FRN of 6.5%.

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2021

16 Financial instruments at fair value through profit or loss continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2021 $000	2020 $000
Comprised of the following asset classes:		
Defensive assets		
Cash	**4 800 449**	7 998 494
Fixed interest	**4 273 774**	2 946 641
Growth assets		
Equities	**10 323 878**	2 459 961
Diversified alternatives	**4 439 721**	4 882 357
Unlisted assets		
Infrastructure	**8 703 330**	3 190 411
Private equity	**3 611 679**	2 799 276
Real estate	**1 661 880**	1 939 790
	37 814 711	26 216 930

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	$000 LTA (1)	2021 $000 QFF (2)	$000 TOTAL STATE INVESTMENT OPERATIONS	2020 $000
Fixed rate notes				
Movement during the year:				
Opening balance	**26 216 930**	-	**26 216 930**	29 345 910
Increases (3)	**2 747 056**	**6 195 724**	**8 942 780**	-
Transfers	**(1 500 000)**	**1 500 000**	**-**	-
Interest	**1 838 728**	**26 263**	**1 864 991**	1 825 104
Decreases (3)	**(1 863 018)**	**-**	**(1 863 018)**	(1 844 715)
Net change in fair value of fixed rate note	**2 632 796**	**20 232**	**2 653 028**	(3 109 369)
Closing balance	**30 072 492**	**7 742 219**	**37 814 711**	26 216 930

(1) The LTA are assets held to fund the defined benefit superannuation and other long term obligations of the State.
(2) At 30 June 2021, the only sub fund of the QFF is the DRF. The DRF was established to support both the State's credit rating and generate returns to reduce the State's debt burden.
(3) For every investment deposited or withdrawal from the LTA or QFF, there is an equivalent increase or decrease to the corresponding FRN.

Notes to the Financial Statements

State Investment Operations

For the year ended 30 June 2021

17 Financial risk management

QTC also holds a portfolio of assets that were transferred to QTC by the State Government, but are managed by QIC on behalf of SIAB. SIAB members include representatives from Queensland Treasury and three external members with experience in investment management and insurance.

The assets of SIO 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.

SIAB determines the investment objectives, risk profiles and strategy for the invested assets of the SIO segment within the framework provided by the Government. It is responsible for formulating a strategic asset allocation to achieve the objectives of the investments in line with the required risk profile. The invested assets of the SIO segment are therefore distinct from QTC's Capital Markets Board and day-to-day Capital Markets Operations and are the responsibility of SIAB and its appointed investment manager (QIC).

QIC provides assistance to SIAB in discharging its responsibilities. As the Queensland Government's investment manager, QIC is responsible for implementing the investment strategy of each portfolio of invested assets of the SIO segment. QIC's role includes recommending investment product objectives, risk profiles and strategic asset allocations to achieve objectives within the targets and risk controls set. SIAB oversees QIC's implementation and monitors adherence to the targets, risk controls and limits under which QIC is approved to manage the invested assets of the SIO segment.

QIC has established risk management policies to identify and analyse risk, and to set risk limits and controls that comply with SIAB's instructions. QIC's risk control framework is confirmed in a GS007 report signed by the Auditor-General of Queensland.

The interest rate applicable on the FRN liabilities of QTC for both the LTA and the QFF portfolios is set at 6.5% per annum on the book value of the notes.

(a) Liquidity risk

No external cash flows are generated by QTC from SIO. Deposits and withdrawals from SIO result in a corresponding change to the value of the FRNs. Interest owing to Treasury on the FRNs is capitalised as are returns and fees on SIO. 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 SIO. The investment strategy targets a widely diversified portfolio across a broad range of asset classes, helping to minimise credit risk.

(c) Market risk

The assets of SIO 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 portfolios do 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 diversified portfolios of investments in unit trusts held with QIC in accordance with the investment strategies approved by SIAB. 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 for each portfolio of assets. Under these agreements, 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.

QTC's foreign currency exposure is managed at a whole of portfolio level rather than at an individual asset class level. For this reason, sensitivity to foreign exchange rate movements has been shown as a currency overlay on the whole portfolios.

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:

	2021 CHANGE		2021 PROFIT/EQUITY		2020 CHANGE		2020 PROFIT/EQUITY	
	Low %	**High %**	**Decrease $000**	**Increase $000**	**Low %**	**High %**	**Decrease $000**	**Increase $000**
Cash and fixed interest (1)	-4%	4%	**(350 837)**	**350 837**	-4%	4%	(295 570)	295 570
Equities	-10%	10%	**(1 032 629)**	**1 032 629**	-10%	10%	(246 055)	246 055
Diversified alternatives (2)	-10%	10%	**(444 076)**	**444 076**	-10%	10%	(488 352)	488 352
Infrastructure	-10%	10%	**(870 536)**	**870 536**	-10%	10%	(318 466)	318 466
Private equities	-9%	9%	**(325 283)**	**325 283**	-10%	10%	(279 994)	279 994
Real estate	-22%	35%	**(367 115)**	**578 903**	-22%	30%	(418 045)	588 217
Currency overlay	-10%	10%	**(732 642)**	**732 642**	-10%	10%	(403 954)	403 954
			(4 123 118)	**4 334 906**			(2 450 436)	2 620 608

(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

State Investment Operations

For the year ended 30 June 2021

18 Fair value hierarchy

Financial instruments have been classified in accordance with the hierarchy described in AASB 13 *Fair Value Measurement*, as per note 12.

AS AT 30 JUNE 2021	OBSERVABLE INPUTS LEVEL 2 $000	UNOBSERVABLE INPUTS LEVEL 3 $000	TOTAL $000
Financial assets			
Cash	**4 800 449**	**-**	**4 800 449**
Fixed interest	**4 273 774**	**-**	**4 273 774**
Equities	**10 323 878**	**-**	**10 323 878**
Diversified alternatives	**1 290 496**	**3 149 225**	**4 439 721**
Infrastructure	**-**	**8 703 330**	**8 703 330**
Private equities	**-**	**3 611 679**	**3 611 679**
Real estate	**-**	**1 661 880**	**1 661 880**
Total financial assets	**20 688 597**	**17 126 114**	**37 814 711**
Financial liabilities			
Fixed rate note - LTA	**-**	**30 072 494**	**30 072 494**
Fixed rate note - QFF	**-**	**7 742 217**	**7 742 217**
Total financial liabilities	**-**	**37 814 711**	**37 814 711**
AS AT 30 JUNE 2020			
Financial assets			
Cash	7 998 494	-	7 998 494
Fixed interest	2 946 641	-	2 946 641
Equities	2 459 961	-	2 459 961
Diversified alternatives	-	4 882 357	4 882 357
Infrastructure	-	3 190 411	3 190 411
Private equities	-	2 799 276	2 799 276
Real estate	-	1 939 790	1 939 790
Total financial assets	13 405 096	12 811 834	26 216 930
Financial liabilities			
Fixed rate note	-	26 216 930	26 216 930
Total financial liabilities	-	26 216 930	26 216 930

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

State Investment Operations

For the year ended 30 June 2021

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 based on 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 2021. 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.

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

30 JUNE 2021 ASSET CLASS	OPENING BALANCE $000	DISTRIBUTIONS(1) $000	UNREALISED MARKET MOVEMENTS(1) $000	SETTLEMENTS(1) $000	CLOSING BALANCE $000
Diversified alternatives	**4 882 357**	(870 939)	91 042	(953 235)	**3 149 225**
Infrastructure	**3 190 411**	(79 420)	402 922	5 189 418	**8 703 331**
Private equities	**2 799 276**	(392 689)	1 433 742	(228 650)	**3 611 679**
Real estate	**1 939 790**	(12 339)	(396 182)	130 611	**1 661 880**

30 JUNE 2020 ASSET CLASS	OPENING BALANCE $000	DISTRIBUTIONS(1) $000	UNREALISED MARKET MOVEMENTS(1) $000	SETTLEMENTS(1) $000	CLOSING BALANCE $000
Diversified alternatives	**5 855 766**	(940 916)	(102 334)	69 841	**4 882 357**
Infrastructure	**3 368 382**	(125 093)	(122 269)	69 391	**3 190 411**
Private equities	**2 839 975**	(338 140)	259 033	38 408	**2 799 276**
Real estate	**3 307 928**	(73 058)	(1 322 340)	27 260	**1 939 790**

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

FRN 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.

Notes to the Financial Statements

Other information

For the year ended 30 June 2021

19 Contingent liabilities

The following contingent liabilities existed at balance date:

- QTC has provided guarantees to the value of $2.5 billion (2020: $2.5 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.

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 $93.8 billion (2020: $87.6 billion) and interest received $2.7 billion (2020: $4.0 billion)
- investment of cash surpluses $1.9 billion (2020: $1.8 billion) and interest paid $14.3 million (2020: $17.1 million)
- fees received $71.9 million (2020: $63.4 million)
- dividends paid to Queensland Treasury $50 million (2020: $50 million)
- $206 million in Aurizon shares were transferred from QTH to the QFF via Queensland Treasury
- The State transferred Queensland Titles Registry Pty Ltd to SIO segment of QTC. At the time of transfer Queensland Titles Registry was valued at $8.0 billion, and
- QTC issued an FRN to Queensland Treasury to match the fair value of the assets in the DRF. At 30 June 2021, the FRN was valued at $7.7 billion.

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 SIO has paid $157.5 million in management fees to QIC (2020: $177.9 million) and $0.5 million (2020: $0.5 million) to Queensland Treasury for board secretariat services to SIAB.

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 $6.0 million (2020: $4.2 million).
- QTC has a shareholding in QTH and its associated entities (QTH group). The QTH group hold deposits of $114.1 million (2020: $94.5 million) and loans of $102.9 million (2020: $104.4 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 $0.3 million (2020: $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 $1.1 billion (2020: $1.5 billion).
- 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 $36.7 million (2020: $25.3 million).

Notes to the Financial Statements

Other information

For the year ended 30 June 2021

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 Leadership Team.

(a) QTC's Boards

QTC has delegated its powers to its two boards, the Capital Markets Board and SIAB. 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 Leadership Team sets the strategic direction and controls the major activities of the organisation.

(c) Remuneration principles

Capital Markets Board - Directors

Any changes to Board remuneration require consideration by Queensland Treasury and the Department of the 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.

State Investment Advisory Board - Directors

When the Long Term Asset Advisory Board was renamed and reconstituted as SIAB on 4 July 2019, new external Board members were appointed who were entitled to remuneration. Remuneration for the new Board members was set by Queensland Treasury in consultation with the Department of the Premier and Cabinet prior to approval by the Governor in Council.

Executives and employees

QTC employees (including the Executive Leadership Team) 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 uses a subset of the data mapped to relevant organisations within the FIRG membership. Analysis and advice are 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 each year and is benchmarked against the FIRG remuneration data. Fixed remuneration levels are set around the FIRG market median position of a relevant subset of the FIRG database. Role scope, experience, skills and performance are considered when determining the remuneration level of each employee. Given the impact of COVID-19 throughout Queensland, the Board did not award fixed remuneration increases at the annual review in July 2020.

Variable remuneration – short-term incentives for employees

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 relevant 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 year ended 30 June 2021, STI payments were made to eligible staff in July 2021.

Variable remuneration – short term incentives for the Executive Leadership Team

For the year ended 30 June 2021, where the Executive Leadership Team 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 the Executive Leadership Team are aligned to achievements measured against corporate, divisional and individual KPIs. For 2021, short-term incentive 'targets' for the Executive Leadership Team ranged between 45% and 60% of their total fixed remuneration. The proportion of each executive's short-term incentive 'target' opportunity is based on individual and divisional performance, and the achievement of targets set out in QTC's Strategic Plan 2020-24.

QTC's overall performance for 2021, documented in the annual performance assessment reviewed and approved by QTC's Board, was assessed as strong to excellent across QTC's whole-of-State, client, funding and operational activities. This performance assessment led to short-term incentives for the Executive Leadership Team of between 48% and 70% of fixed remuneration. A moderation has been applied by the Board to reflect the ongoing impact of COVID-19 throughout Queensland.

Notes to the Financial Statements

Other information

For the year ended 30 June 2021

21 Key management personnel continued

(d) Remuneration by category

	2021 $	2020 $
Capital Markets Operations		
Directors		
Short-term employment benefits (1)	**332 066**	347 077
Post-employment benefits (4)	**21 391**	28 667
Total	**353 457**	375 744
Executive Leadership Team		
Short-term employment benefits (2)	**3 961 409**	3 771 444
Long-term employment benefits (3)	**60 059**	70 939
Post-employment benefits (4)	**108 890**	104 637
Total	**4 130 358**	3 947 020

	2021 $	2020 $
State Investment Operations		
Directors		
Short-term employment benefits (1)	**100 653**	100 653
Post-employment benefits (4)	**9 561**	9 561
Total	**110 214**	110 214

(1) Directors' short-term benefits include Board member and committee fees, and in relation to the Chair, 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.

Capital markets operations

(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	
	2021 $	2020 $	2021 $	2020 $	2021 $	2020 $
Gerard Bradley – Chair (1)	**130 176**	128 431	**2 213**	7 897	**132 389**	136 328
Leon Allen (2)(3)	**-**	-	**-**	-	**-**	-
Tonianne Dwyer (4)	**-**	45 362	**-**	4 309	**-**	49 671
Anne Parkin	**44 360**	43 856	**4 214**	4 166	**48 574**	48 022
Karen Smith-Pomeroy	**45 362**	45 362	**4 309**	4 309	**49 671**	49 671
Jim Stening (1)	**38 709**	40 210	**3 677**	3 820	**42 386**	44 030
Neville Ide	**43 856**	43 856	**4 166**	4 166	**48 022**	48 022
Rosemary Vilgan (5)	**29 603**	-	**2 812**	-	**32 415**	-
Total	**332 066**	347 077	**21 391**	28 667	**353 457**	375 744

(1) Term expired 30 June 2020, and reappointed 16 July 2020

(2) Appointed 16 July 2020

(3) No remuneration is payable to the Queensland Treasury representative

(4) Ceased 30 June 2020

(5) Appointed 1 October 2020

Notes to the Financial Statements

Other information

For the year ended 30 June 2021

21 Key management personnel continued

(d) Remuneration by category continued

(ii) Executive Leadership Team

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

30 JUNE 2021	SHORT-TERM EMPLOYMENT BENEFITS BASE $	SHORT-TERM INCENTIVE $	NON-MONETARY $	POST-EMPLOYMENT BENEFITS $	LONG-TERM BENEFITS $	TOTAL $
Chief Executive	**738 627**	**449 410**	**17 767**	**21 778**	**18 277**	**1 245 859**
Deputy Chief Executive and Managing Director, Funding and Markets	**583 564**	**424 710**	**19 842**	**21 778**	**14 459**	**1 064 353**
Managing Director, Client	**393 486**	**203 800**	**17 767**	**21 778**	**9 685**	**646 516**
Managing Director, Corporate Services and Chief Risk Officer	**368 475**	**185 600**	**16 047**	**21 778**	**9 078**	**600 978**
Managing Director, Finance, Data and Compliance	**348 467**	**176 080**	**17 767**	**21 778**	**8 560**	**572 652**
Total	**2 432 619**	**1 439 600**	**89 190**	**108 890**	**60 059**	**4 130 358**

There were no fixed remuneration increases for 2021. The increase in base salaries for 2021 when compared to 2020 is the result of an additional day of pay being included in the payment cycle. In addition, the Deputy Chief Executive took unpaid leave in 2020, reducing total remuneration in that year.

The change in the STI outcomes between 2020 and 2021 reflects the level of Board moderation applied in those years. In 2020, in recognition of the wide-ranging and significant fiscal, economic and social impacts of COVID-19, the Board applied a moderation to performance outcomes. In 2021, the Board applied moderation at a lower level, reflecting the ongoing impact of COVID-19 throughout Queensland and the transition to the revised remuneration framework.

30 JUNE 2020	SHORT-TERM EMPLOYMENT BENEFITS BASE $	SHORT-TERM INCENTIVE $	NON-MONETARY $	POST-EMPLOYMENT BENEFITS $	LONG-TERM BENEFITS $	TOTAL $
Chief Executive	736 162	391 875	17 148	20 931	20 906	1 187 022
Deputy Chief Executive and Managing Director, Funding and Markets	570 528	377 747	18 005	20 931	15 747	1 002 958
Managing Director, Client	392 179	182 081	16 727	20 931	13 491	625 409
Managing Director, Corporate Services and Chief Risk Officer	367 552	164 531	16 047	20 913	10 671	579 714
Managing Director, Finance, Data and Compliance	347 620	156 094	17 148	20 931	10 124	551 917
Total	2 414 041	1 272 328	85 075	104 637	70 939	3 947 020

State Investment Operations

(iii) Directors

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

	SHORT-TERM EMPLOYMENT BENEFITS 2021 $	2020 $	POST-EMPLOYMENT BENEFITS 2021 $	2020 $	TOTAL 2021 $	2020 $
Rachel Hunter - Chair (1)(2)	**-**	-	**-**	-	**-**	-
Leon Allen - Chair (1)(3)	**-**	-	**-**	-	**-**	-
Glenn Miller (1)(4)	**-**	-	**-**	-	**-**	-
William Ryan (1)(5)	**-**	-	**-**	-	**-**	-
Maria Wilton	**33 551**	33 551	**3 187**	3 187	**36 738**	36 738
Philip Graham	**33 551**	33 551	**3 187**	3 187	**36 738**	36 738
Tony Hawkins	**33 551**	33 551	**3 187**	3 187	**36 738**	36 738
Total	**100 653**	100 653	**9 561**	9 561	**110 214**	110 214

(1) Queensland Treasury representative. No additional remuneration is paid for this appointment. (2) Ceased 29 April 2021 (3) Appointed 29 April 2021
(4) Ceased 19 November 2020 (5) Appointed 19 November 2020

(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.

Notes to the Financial Statements

Other information

For the year ended 30 June 2021

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:

	2021 **$**	2020 $
Audit services		
Audit and review of QTC financial statements	**368 000**	368 000

23 Investments in companies

Investments in the following companies are held at cost:

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

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

24 Dividends

Each year the Board determines the appropriate level of dividends to be declared taking into consideration the financial situation of the Corporation. A dividend of $50 million (2020: $50 million) was paid to the Queensland Government in June 2021.

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 operations of QTC, the results of those operations or the state of affairs of QTC in future years.

Certificate of the Queensland Treasury Corporation

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

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

We certify that in our opinion:

(i) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects, and

(ii) the foregoing annual financial statements have been drawn up so as to present a true and fair view of Queensland Treasury Corporation's assets and liabilities, financial position and financial performance for the year ended 30 June 2021.

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
Chair

P C NOBLE
Chief Executive

Brisbane
19 August 2021

Independent Auditor's report

Queensland Audit Office
Better public services

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 2021, 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 2019 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 2021, 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 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 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.

Queensland Audit Office
Better public services

Establishment of the Queensland Future Fund – Debt Retirement Fund ($7.7 billion as at 30 June 2021)

(Refer Notes 1 and 16)

Key audit matter	How my audit procedures addressed this key audit matter

Financial instruments at fair value through profit or loss for State Investment Operations are a material balance and include assets invested in the Queensland Future Fund (OFF) – Debt Retirement Fund (ORF) as at 30 June 2021.
 	
During the year, the ORF was seeded with initial investments totalling $7.7 billion. These initial investments occurred through a series of asset transfers involving several government entities and, in some instances, required the restructuring of existing government operations.
 	
The assets were ultimately transferred into an unlisted unit trust, the Debt Retirement Trust (ORT), managed by QIC Limited. Units in the ORT are held by OTC on behalf of Queensland Treasury.
 	
In return, OTC issued a Fixed Rate Note (FRN) payable to Queensland Treasury. The initial value the FRN represented the fair value of the individual assets transferred into the DRT.
	My procedures included, but were not limited to:
	
	● obtaining an understanding of the legislative framework for the establishment of the DRF
	● obtaining an understanding of the ownership and governance structure for the ORF and the initial investments made into the ORF
	● evaluating documentation supporting initial investments made into the DRF, including ensuring that asset transfers were appropriately authorised and complied with directions given by the Treasurer under the OFF Act
	● assessing and confirming the appropriateness of the accounting treatment of each transaction associated with the establishment of the ORF including:
	    ● accounting for the recognition and derecognition of assets transferred between government entities in accordance with prescribed accounting requirements
	    ● the fair value of investments at the date of their initial transfer into the DRF comply with the requirements of AASB 9 *Financial Instruments and* AASB 13 *Fair Value*
	    ● accounting for the recognition of the FRN by OTC and confirming the fair value of the FRN as at 30 June 2021
	    ● confirming the appropriateness of disclosures in QTC's financial statements.
	
	As the auditor of the ORT, I engaged an auditor's expert to assess the value of the Queensland Titles Registry (QTR) operations transferred to the ORF. Work performed by the auditor's expert included:
	
	● obtaining an understanding of the valuation methodology applied to the transfer of the QTR operations
	● assessing the reasonableness of techniques applied in valuing the Queensland Titles Registry (QTR) operations
	● assessing the reasonableness of key assumptions and inputs used in valuing the QTR operations
	● concluding on the reasonableness of the valuation applied to the QTR operations.
	
	As the auditor of OTC, I assessed the work performed by the auditor's expert to form an opinion on the value of the units issued by ORT to OTC. This included:
	
	● evaluating their qualifications, competence, capabilities and objectivity
	● assessing the nature, scope and objectives of the work completed for appropriateness
	● evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Queensland Audit Office
Better public services

Valuation, presentation and disclosure of financial instruments at fair value through profit or loss for State Investment Operations ($37.8 billion as at 30 June 2021)

(Refer Notes 16, 17 and 18)

Key audit matter	How my audit addressed this key audit matter

Financial assets at fair value through profit or loss held by State Investments Operations (SIO) (which incorporates the Long Term Assets (L TA) and the Queensland Future Fund (QFF)) represent investments in unlisted unit trusts ('the trusts') managed by QIC Limited (QIC). The trusts in turn invest in various asset classes, some of which are illiquid in nature ('underlying investments').
 	
The fair value of these underlying investments is based on the hard-close unit prices as at 30 June 2021 as advised by QIC to QTC on 9 August 2021.
 	
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 2021. Significant judgement is required to determine whether the unaudited valuations advised by QIC are materially consistent with the fair value as at 30 June 2021, or if an adjustment is required.
 	
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. SIO is the sole investor in some of the trusts, and as a result there are restrictions that may be imposed by QIC on SIO to liquidate the investments.
	My procedures included but were not limited to:
	
	● evaluating the audited assurance report on controls over investment management services for the period 1 July 2020 to 30 June 2021 to obtain confirmation that the controls at QIC are appropriately designed and implemented, and operating effectively
	
	● assessing the representation letter provided by QIC to QTC confirming the following processes were performed by QIC:
	  ● checks performed over pricing of the underlying assets at 30 June 2021
	  ● checks performed post balance date on prices for highly illiquid investments
	
	● confirming the value of the investments reported at 30 June 2021 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 2021, 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*
	
	● evaluating the fair value hierarchy disclosure in note 18 to ensure the classification is in accordance with my understanding of the underlying investment and pricing mechanism, and in accordance with AASB13 *Fair Value Measurement.*

Other information

Other information comprises financial and non-financial information (other than the audited financial report).

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.

Queensland Audit Office
Better public services

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 2019 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.

Report on other legal and regulatory requirements

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.

Queensland Audit Office
Better public services

- 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.

Statement

In accordance with s.40 of the *Auditor-General Act 2009,* for the year ended 30 June 2021:

a) I received all the information and explanations I required.

b) I consider that, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009,* any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.

B.P. Worrall

19 August 2021

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane

Appendices

Appendix A – Statutory and mandatory disclosures

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 (data.qld.gov.au) 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 and there was no overseas travel in 2020–21.

Information systems and record keeping

QTC adheres to the *Public Records Act 2002* and the General Retention and Disposal Schedule with respect to information and records management.

QTC continues to evolve its electronic document and information management systems for improved management of both digital and physical records particularly in relation to expanding cloud technologies. QTC is maturing its information security capabilities 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 P*ublic Sector Ethics Act 1994 (Qld)*, as well as the Code of Conduct established by the Australian Financial Markets Association of which QTC is a member. Both codes are available to employees via QTC's intranet. A copy of QTC's Code of Conduct can be inspected by contacting QTC's Human Resources Group (see Appendix 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 the conduct of its business activities 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.

Human Rights Act

QTC's strategic and operational plans are in line with the objectives of the Human Rights Act 2019 (the Act). The plans aim to ensure QTC is respecting, protecting and promoting human rights in decision making and actions.

The Act requires QTC to consider human rights when performing functions of a public nature and only limit human rights after careful consideration. QTC's internal policies and practices are aligned to the Act, as guided by external advice.

Remuneration: Board and Committee

For the year ending 30 June 2021, the remuneration and committee fees of the QTC Capital Market Board members (excluding superannuation contributions and non-monetary benefits) were as follows:

Board	
Chairperson	$100,527
Member	$33,551

Committee	
Chairperson	$6,658
Member	$5,152

The total remuneration payments made to the members of the QTC Capital Markets Board was $337,873 and the total on-costs (including travel, accommodation, car parking and professional memberships for members) was $12,485.

For the year ending 30 June 2021, the remuneration and committee fees of the QTC State Investment Advisory Board members (excluding superannuation contributions and non-monetary benefits) were as follows:

Board	
Member	$33,551

The total remuneration payments made to the members of the QTC State Investment Advisory Board was $110,214 and the total on-costs (including travel, accommodation, car parking and professional memberships for members) was $3,303.

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

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.

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.

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 at 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 Rule 144A capability and certified by the Climate Bonds Initiative (CBI). Proceeds from QTC green bonds are allocated against eligible projects and assets in accordance with QTC's Green Bond Framework. Eligible projects and assets are those funded, entirely or in part, by the Queensland Government, State-Government related entities and local governments that support Queensland's pathway to climate resilience and an environmentally sustainable economy. QTC's Green Bond Framework is aligned with the CBI Climate Bonds Standard 3.0 and the International Capital Market Association (ICMA) Green Bond Principles 2018 allowing QTC to issue both CBI certified green bonds and ICMA Green Bond Principles certified green bonds. An independent third party provides assurance of QTC's framework, eligible project and asset pool and green bonds on issue.

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 nine 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 one year.

Appendix C – Compliance checklist

SUMMARY OF REQUIREMENT		BASIS FOR REQUIREMENT	ANNUAL REPORT REFERENCE
LETTER OF COMPLIANCE	A letter of compliance from the accountable officer or statutory body to the relevant Minister/s	ARRs – section 7	Page 2
ACCESSIBILITY	Table of contents	ARRs – section 9.1	Page 1
	Glossary	ARRs – section 9.1	Appendix B
	Public availability	ARRs – section 9.2	Page 1 , Appendix D
	Interpreter service statement	*Queensland Government Language Services Policy* ARRs – section 9.3	Appendix D
	Copyright notice	*Copyright Act 1968* ARRs – section 9.4	Back cover
GENERAL INFORMATION	Introductory information	ARRs – section 10	Page 3-7
NON-FINANCIAL PERFORMANCE	Government's objectives for the community	ARRs – section 11.1	Pages 8-13
	Agency objectives and performance indicators	ARRs – section 11.2	Pages 6-133
FINANCIAL PERFORMANCE	Summary of financial performance	ARRs – section 12.1	Pages 6-7, Notes to Financial Statements: Pages 28-50
GOVERNANCE – MANAGEMENT AND STRUCTURE	Organisational structure	ARRs – section 13.1	Pages 17-21
	Executive management	ARRs – section 13.2	Page 21
	Public Sector Ethics	*Public Sector Ethics Act 1994* ARRs – section 13.4	Appendix A
	Human Rights	*Human Rights Act 2019* ARRs – section 13.5	Appendix A
GOVERNANCE – RISK MANAGEMENT AND ACCOUNTABILITY	Risk management	ARRs – section 14.1	Pages 14,18
	Audit committee	ARRs – section 14.2	Page 18
	Internal audit	ARRs – section 14.3	Page 1
	Information systems and record keeping	ARRs – section 14.5	Appendix A
GOVERNANCE – HUMAN RESOURCES	Strategic workforce planning and performance	ARRs – section 15.1	Pages 14-15
OPEN DATA	Statement advising publication of information	ARRs – section 16	Appendix A
	Consultancies	ARRs – section 33.1	Appendix A https://data.qld.gov.au
	Overseas travel	ARRs – section 33.2	Appendix A
	Queensland Language Services Policy	ARRs – section 33.2	Appendix A
FINANCIAL STATEMENTS	Certification of financial statements	FAA – section 62 FPMS – sections 38, 39 and 46 ARRs – section 17.1	Page 55
	Independent Auditor's Report	FAA – section 62 FPMS – section 46 ARRs – section 17.2	Pages 56

***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 2019;

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

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.

	Telephone
Queensland Treasury Corporation (Reception)	+61 7 3842 4600
Stock Registry (Link Market Services Ltd)	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.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.

QUEENSLAND
TREASURY
CORPORATION

GPO Box 1096
Brisbane QLD
Australia 4001
T: +61 7 3842 4600

EXHIBIT (c)(ii)

Consolidated Financial Statements of the Co-Registrant for the fiscal year ended June 30, 2021

FORWARD-LOOKING STATEMENTS

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

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

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

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

Unite & Recover

2020–21
Report on State Finances
of the Queensland Government – 30 June 2021

Incorporating the Outcomes Report and
the AASB 1049 Financial Statements

Queensland
Government

Contents

Message from the Treasurer

I present Queensland's 2020-21 Report on State Finances which includes the Outcomes Report and AASB 1049 Financial Statements.

Queensland's economic recovery from the impacts of COVID-19 is well underway. The Queensland Government's success in managing the on-going risks of COVID-19 within the State, together with its immediate support and longer-term Economic Recovery Plan measures have contributed to an improved fiscal position in 2020-21.

Stronger than expected revenues from the economic rebound and lower expenditure have delivered a smaller General Government operating deficit for 2020-21 of $937 million, a reduction of $2.865 billion compared to the operating deficit of $3.803 billion estimated at the time of the 2021-22 Budget. The reduction in the operating deficit has translated to lower borrowings.

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. The Outcomes Report compares the 2020-21 actual results with the revised forecasts contained in the 2021-22 Budget papers.

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

AASB 1049 Financial Statements

The AASB 1049 Financial Statements outline the operations of the Queensland Government in accordance with Australian Accounting Standard AASB 1049 *Whole of Government and General Government Sector Financial Reporting* and other applicable standards and are audited.

These statements focus on the General Government Sector (GGS) and Total State Sector (TSS) and include detailed notes.

The statements include comparatives for the 2019-20 year, as well as analysis of variances between the published 2020-21 Budget and the 2020-21 outcome.

AASB 1049 aims to harmonise the Government Finance Statistics (GFS) and Accounting Standard frameworks. The GFS reporting framework, developed by the Australian Bureau of Statistics (ABS), is based on international statistical standards and allows comprehensive assessments to be made of the economic impact of government.

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

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

The Honourable Cameron Dick MP
Treasurer
Minister for Trade and Investment

Related Publications

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

- the annual Budget papers;
- 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.

Unite & Recover

2020–21
Outcomes Report

Uniform Presentation Framework of the
Queensland Government – 30 June 2021

Queensland
Government

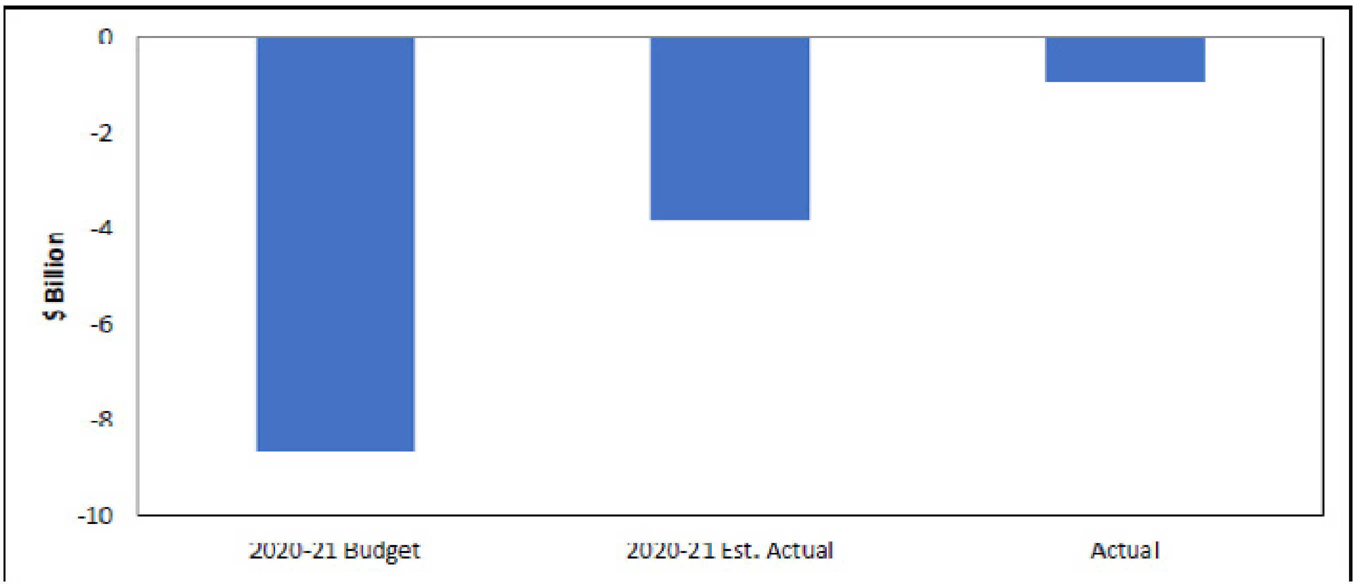
Outcomes Report - Overview and Analysis

Overview

Since the COVID-19 pandemic first reached Queensland, the Government has implemented a strong health response, introduced immediate financial support for households, businesses and industry and initiated measures to secure Queensland's long term economic recovery. Containment of the COVID-19 virus in Queensland has contributed to Queensland's improved economic conditions in 2020-21.

The General Government Sector (GGS) realised a Uniform Presentation Framework (UPF) net operating deficit of $937 million for 2020-21. The earlier and stronger than expected economic recovery has resulted in a $2.865 billion reduction in the net operating deficit relative to the estimated operating deficit of $3.803 billion reported in the 2021-22 Budget, and a substantial reduction relative to the original 2020-21 Budget operating deficit estimate of $8.633 billion. Refer Chart 3.1.

Chart 3.1: 2020-21 General Government Sector UPF net operating balance compared to budget forecasts



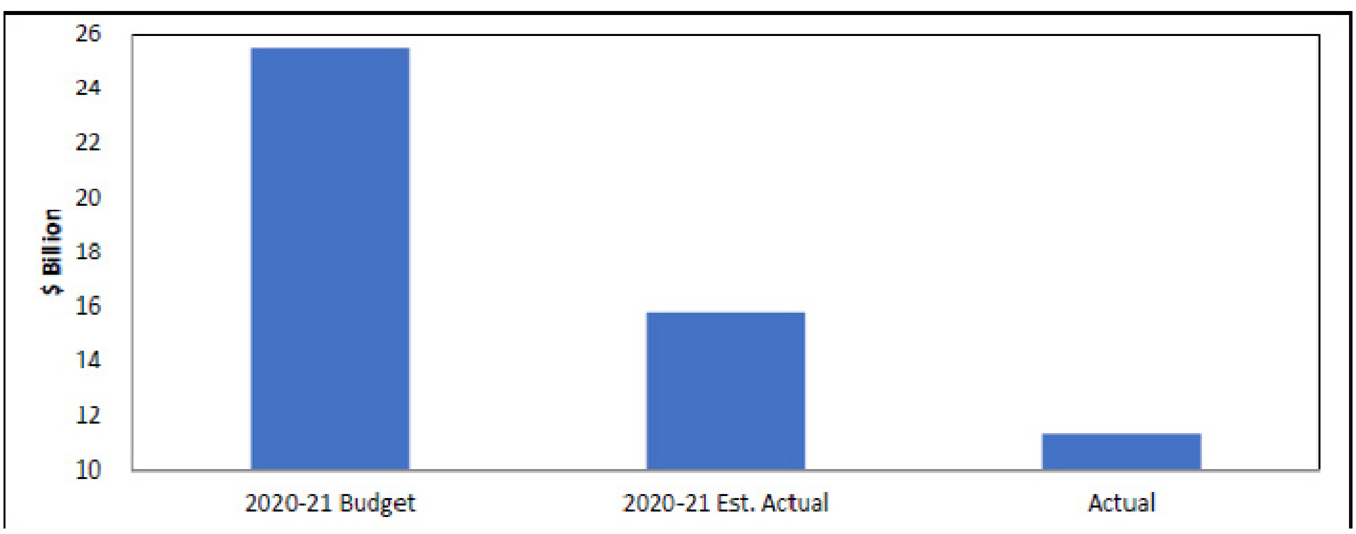
Source: Queensland State Budgets 2020-21 and 2021-22 and Queensland Report on State Finances 2020-21

In 2020-21, GGS revenue totalled $62.732 billion, up $2.336 billion on the 2021-22 Budget estimated actual revenue of $60.396 billion. The increase in revenue reflects a rebound in both the Queensland and national economy following the initial impacts of COVID-19, contributing to higher GST receipts and taxation revenue. Dividend and taxation equivalent income from the State's Government-owned electricity businesses was also higher than expected.

Lower GGS expenses also contributed to the improved fiscal position in 2020-21. GGS expenses totalled $63.669 billion in 2020-21, representing a decrease of $530 million from the 2021-22 Budget estimated actual.

GGS net debt in 2020-21 is $11.36 billion, a reduction of $4.449 billion since the 2021-22 Budget. Refer Chart 3.2.

Chart 3.2: 2020-21 General Government Sector net debt compared to budget forecasts



Source: Queensland State Budgets 2020-21 and 2021-22 and Queensland Report on State Finances 2020-21

Overview continued

The stronger net debt metric mainly reflects lower borrowing requirements as result of the improved operating cash flows and lower capital purchases and upward market value adjustments on investments held in unit trusts managed by Queensland Investment Corporation (QIC).

In 2020, the Government established the Queensland Future Fund (QFF) to support its economic plan, and secure Queensland's future economic success. In 2021, the Debt Retirement Fund (DRF) was the first fund within the QFF to be established under the *Queensland Future Fund Act 2020*, with the sole purpose of debt reduction. The DRF will hold State investments for future growth and will be offset against State debt when assessing Queensland's credit rating. Assets contributed to the DRF totalled $7.7 billion, including a $6 billion investment in Queensland Titles Registry Pty Ltd, $1.5 billion from the surplus assets held to support the Defined Benefit Scheme and $206 million in securities held by the State. The investments of the DRF are included in the calculation of the State's net debt.

GGS borrowing with QTC at 30 June 2021 was $46.153 billion, $949 million lower than the 2020-21 Budget estimate of $47.102 billion. The lower than expected borrowing with QTC largely reflects improved operating cash flows and modestly lower purchases of non-financial assets.

Non-financial Public Sector gross borrowing with QTC of $85.901 billion in 2020-21 was $1.427 billion lower than the forecast in the 2021-22 Budget. This decrease is predominantly due to lower GGS borrowing with QTC and the outcome of lower purchases of non-financial assets within the Public Non-financial Corporation sector.

Fiscal principles

As part of the 2021-22 Budget strategy, the Government developed a new Charter of Fiscal Responsibility. The aim of the Charter is to guide Budget strategy in the medium term in response to the fiscal challenges brought on by the COVID-19 pandemic. The Charter includes new Fiscal Principles to support the delivery of net operating surpluses and the stabilisation of net debt.

Principle 1 – Stabilise the General Government Sector net debt to revenue ratio at sustainable levels in the medium term, and target reductions in the net debt to revenue ratio in the long term.

Net debt is a key fiscal measure of the overall strength of State's fiscal position and the net debt to revenue ratio indicates the Government's ability to service this debt.

Like other Australian jurisdictions, Queensland's strong public health response to the virus and its decision to prioritise economic recovery has resulted in an increase in gross borrowings and net debt. The Government is focussed on stabilising net debt in the medium term by restoring operating surpluses, as per Fiscal Principle 2.

Queensland's net debt to revenue ratio was 18 per cent in 2020-21, a reduction from the 26 per cent projected at the time of the 2021-22 Budget. The reduction in the GGS net debt to revenue ratio reflects the combined impact of stronger revenues and lower borrowings as well upward valuations of investments in unit trusts managed by QIC.

Principle 2 – Ensure that average annual growth in General Government Sector expenditure in the medium term is below the average annual growth in General Government Sector revenue to deliver fiscally sustainable net operating surpluses.

The new Fiscal Principle 2 is designed to provide a broad measure of expenditure growth management. It replaces the previous Fiscal Principle 6, which aimed to ensure growth in employee expenses was sustainable through measuring full-time equivalent employee (FTE) growth.

Queensland's economic recovery is well underway with the State recording a net operating deficit of $937 million for 2020-21. This is a reduction from the forecast deficit of $3.803 billion at the time of the 2021-22 Budget.

Revenues grew by 8.6 per cent and expenses by 0.3 per cent compared to 2019-20.

Principle 3 – Target continual improvements in net operating surpluses to ensure that, in the medium term, net cash flows from investments in non-financial assets (capital) will be funded primarily from net cash inflows from operating activities. The capital program will focus on supporting a productive economy, jobs and ensuring a pipeline of infrastructure that responds to population growth.

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 2020-21 was $13.684 billion, 98.7 per cent of the estimated actual forecast in the 2021-22 Budget.

The Government's $50 billion Infrastructure Guarantee has ensured the maintenance of a substantial capital program through the COVID-19 crisis and a capital program of $52.216 billion is planned over the 4 years to 2024-25, as detailed in the 2021-22 Budget papers.

In 2020-21, the GGS net investments in non-financial assets were predominantly funded through borrowings as the Government continued to support Queensland's COVID-19 health response and economic recovery measures.

Principle 4 - Maintain competitive taxation by ensuring that, on a per capita basis, Queensland has lower taxation than the average of other states.

The fiscal principles will ensure that Queenslanders continue to pay less tax than Australians in other states and territories. Compared to the previous Charter, this principle has been adjusted to directly measure Queensland's competitiveness relative to other jurisdictions, rather than as a fixed proportion of GSP.

Based on the latest available outcomes, Queensland's taxation per capita was $770 less than the average of other jurisdictions in 2019-20.

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

Consistent with the long-standing practice of successive governments, the Queensland Government is committed to ensuring that the State sets aside assets, on an actuarially determined basis, to meet long term liabilities such as superannuation and WorkCover. The latest full actuarial review of the QSuper scheme was as at 30 June 2020 and was published in a report dated 2 December 2020. The report found the scheme to be fully funded.

As at 30 June 2021, WorkCover Queensland was fully funded.

Key UPF Financial Aggregates

Outlined in the table below are the key aggregates, by sector for 2020-21. The actual outcome for 2020-21 is compared to the estimated actual (Est. Actual) per the 2021-22 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	60,396	62,732	12,418	13,240	68,464	71,228
Expenses	64,199	63,669	11,413	12,078	71,680	71,739
Net operating balance	**(3,803)**	**(937)**	**1,006**	**1,162**	**(3,216)**	**(511)**
Capital purchases	**6,965**	**6,835**	**3,491**	**3,157**	**10,456**	**10,007**
Fiscal balance	**(8,159)**	**(5,015)**	**230**	**637**	**(8,348)**	**(5,141)**
Borrowing with QTC	**47,102**	**46,153**	**40,225**	**39,747**	**87,327**	**85,901**
Leases and similar arrangements	7,779	7,704	448	454	8,227	8,158
Securities and derivatives	198	220	68	1,357	259	1,567
Net Debt	**15,809**	**11,360**	**38,349**	**37,936**	**54,151**	**49,287**

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

General Government Sector

<u>*Revenue*</u>

General Government Revenue	2020-21 Est. Actual $ million	2020-21 Outcome $ million
Taxation revenue	15,907	16,249
Grants revenue	31,582	33,013
Sales of goods and services	6,068	6,063
Interest income	1,901	1,948
Dividend and income tax equivalent income	916	1,310
Other revenue	4,023	4,148
Total Revenue	**60,396**	**62,732**

Note:
1. Numbers may not add due to rounding.

General Government revenue totalled $62.732 billion in 2020-21, up $2.336 billion or 3.9 per cent compared to the 2021-22 Budget estimated actual projection of $60.396 billion.

The increase in revenue since the 2021-22 Budget reflects further strengthening in Queensland and national activity following the initial impacts of COVID-19. Most revenue lines have increased, although payroll tax collections remained broadly stable as improved receipts were offset by payroll tax relief provided by the Government to businesses impacted by COVID-19.

Key UPF Financial Aggregates continued

General Government Sector continued

Expenses

General Government Expenses	2020-21 Est. Actual $ million	2020-21 Outcome $ million
Employee expenses	26,284	26,501
Superannuation expenses		
Superannuation interest cost	246	246
Other superannuation expenses	3,116	3,073
Other operating expenses	17,102	16,335
Depreciation and amortisation	4,234	4,187
Other interest expenses	1,567	1,619
Grants expenses	11,649	11,709
Total Expenses	**64,199**	**63,669**

Note:
1. Numbers may not add due to rounding.

Total GGS expenses for 2020-21 were $530 million or 0.8 per cent lower than expected in the 2021-22 Budget estimated actual for 2020-21.

The lower expenses compared to the 2021-22 Budget are partly due to the timing of operational costs and various grant programs. Grants made under the HomeBuilder program, which were not factored into the 2021-22 estimated actual, partly offset these expenditure deferrals.

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: 2020-21 General Government Sector expenses by function[1]

[1] Refer to page 3-13 for further detail of expenses in each function.

Key UPF Financial Aggregates continued

General Government Sector continued

Net Operating Balance

The net operating balance is the net of revenue and expenses from transactions and was an operating deficit of $937 million for 2020-21. The deficit was a substantial reduction from $3.803 billion at the time of the 2021-22 Budget, for the reasons discussed above.

Capital Purchases

GGS purchases of non-financial assets are the actual cash outlays per the Cash Flow Statement and totalled $6.835 billion, which was $130 million lower than the 2020-21 estimated actual.

Fiscal Balance

The fiscal deficit of $5.015 billion for 2020-21 was substantialy smaller than the estimated actual projection of an $8.159 billion deficit. The smaller than forecast fiscal deficit is mainly due to the reduced net operating deficit and modestly lower than estimated capital purchases.

Borrowing

Gross borrowing with QTC was $46.153 billion, compared to the 2021-22 Budget projection of $47.102 billion, a decrease of $949 million. The lower balance partly reflects the increase in cash flows from operating activities brought on by the rebound in revenues, and lower expenses. Not all of the improved operating position flows through as a corresponding decrease in borrowings, as some of the revenue improvement (e.g. GST and dividends) had not been received at year end.

Leases and similar arrangements were $7.705 billion at year end, $74 million lower than estimated at 2020-21 Budget.

Net Worth

The GGS net worth was $209.625 billion as at 30 June 2021, $4.934 billion higher than the estimated actual included in the 2021-22 Budget. The increase is due in large part to upward valuations of roads infrastructure, land under roads and school buildings, and market value adjustments on investment, loans and placements. Partly offsetting the increase in both financial and non-financial assets was an increase in the actuarial valuation of defined benefit superannuation liabilities, Long Service Leave Central Scheme liabilities and the Government’s self-insurance liabilities, particularly for civil institutional child abuse claims.

Net Debt

Net debt is the sum of deposits held, advances received and borrowings (financial liabilities) less cash and deposits, advances paid and investments, loans and placements (financial assets). Financial liabilities exceeded financial assets in the GGS by $11.36 billion at 30 June 2021, a $4.449 billion reduction in net debt from the 2021-22 Budget estimate.

Net debt has decreased since the 2021-22 Budget due to upward market valuation of investments, loans and placements due to strong market returns on underlying investments and lower borrowing with QTC resulting from the improved net cash flows from operating activities and slightly lower capital purchases.

Operating Result

The operating result measures the outcome for the State under the Accounting Standards framework, rather than the GFS framework. The GGS operating result of $8.85 billion differs from the net operating balance as it includes valuation adjustments such as gains and losses on financial and non-financial assets. The operating result has improved $3.911 billion since the 2021-22 Budget reflecting the better than expected net operating deficit, and market value adjustments to investments, loans and placements, partly offset by upward actuarial valuations of the Long Service Leave Central Scheme and the Government’s self-insurance liabilities.

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 in the actual comprehensive result from the 2020-21 estimated actual is mainly due to the improved operating result and significant upward valuations of non-financial assets, offset to an extent, by the increase in the actuarial valuation of defined benefit superannuation liabilities.

Key UPF Financial Aggregates continued

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 $1.162 billion, $156 million higher than the 2021-22 Budget forecast mainly due to higher than forecast revenue.
- The fiscal balance was a surplus of $637 million, compared to an estimated surplus of $230 million reflecting the relative increase in the net operating surplus and lower than forecast capital purchases.
- PNFC borrowing with QTC was $39.747 billion at year end, $478 million lower when compared to the 2020-21 estimated actual projection of $40.225 billion. Lower borrowings with QTC is consistent with the increase in the sector's fiscal surplus.

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 2020-21 was a deficit of $3.262 billion, while the operating result was a surplus of $11.812 billion as it includes unrealised market value adjustments for QTC's external borrowings and derivatives, positive market value returns on its long term investments managed by QIC and the gain on the transfer of the Titles Registry business.
- Purchases of non-financial assets for the SFS were $10.022 billion.
- The net worth was $201.71 billion, an increase of $19.105 billion compared to that published in the 2019-20 Outcomes Report. This was mainly due to asset revaluations and the contribution of the Titles Registry business to a unit trust in the seeding of the Debt Retirement Fund and other funds.

2020 - 21 Operating Statement by Sector ($ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector (b)		Public Financial Corporations Sector (b)	State Financial Sector
	Est. Actual	Outcome	Est. Actual	Outcome	Est. Actual	Outcome	Outcome (c)	Outcome (c)
Revenue from Transactions								
Taxation revenue	15,907	16,249	-	-	15,589	15,906	-	15,798
Grants revenue	31,582	33,013	598	615	31,605	33,020	-	32,910
Sales of goods and services	6,068	6,063	11,436	12,199	14,863	15,667	2,462	17,749
Interest income	1,901	1,948	56	65	1,939	2,007	3,679	1,228
Dividend and income tax equivalent income	916	1,310	15	15	133	150	-	15
Other revenue	4,023	4,148	313	345	4,335	4,478	134	4,611
Total Revenue from Transactions	**60,396**	**62,732**	**12,418**	**13,240**	**68,464**	**71,228**	**6,276**	**72,311**
Expenses from Transactions								
Employee expenses	26,284	26,501	2,156	2,123	28,319	28,498	366	28,554
Superannuation expenses								
Superannuation interest cost	246	246	-	(3)	246	243	-	243
Other superannuation expenses	3,116	3,073	230	249	3,346	3,322	26	3,348
Other operating expenses	17,102	16,335	4,110	4,895	18,564	18,610	3,023	21,625
Depreciation and amortisation	4,234	4,187	2,777	2,640	7,012	6,827	30	6,857
Other interest expenses	1,567	1,619	1,732	1,691	3,095	3,114	5,337	3,821
Grants expenses	11,649	11,709	24	24	11,099	11,125	110	11,125
Other property expenses	-	-	383	457	-	-	40	-
Total Expenses from Transactions	**64,199**	**63,669**	**11,413**	**12,078**	**71,680**	**71,739**	**8,931**	**75,573**
Net Operating Balance	**(3,803)**	**(937)**	**1,006**	**1,162**	**(3,216)**	**(511)**	**(2,656)**	**(3,262)**
Other economic flows - included in operating result	8,742	9,787	(400)	(466)	7,812	8,872	2,900	15,074
Operating Result	**4,939**	**8,850**	**605**	**696**	**4,595**	**8,361**	**245**	**11,812**
Other economic flows - other movements in equity	6,020	7,044	(580)	(1,010)	6,364	7,532	(62)	7,383
Comprehensive Result - Total Change in Net Worth (d)	**10,960**	**15,894**	**26**	**(315)**	**10,960**	**15,894**	**183**	**19,195**
KEY FISCAL AGGREGATES								
Net Operating Balance	**(3,803)**	**(937)**	**1,006**	**1,162**	**(3,216)**	**(511)**	**(2,656)**	**(3,262)**
Net Acquisition/(Disposal) of Non-financial Assets								
Purchases of non-financial assets	6,965	6,835	3,491	3,157	10,456	10,007	15	10,022
Less Sales of non-financial assets	206	216	41	69	247	272	2	274
Less Depreciation	4,234	4,187	2,777	2,640	7,012	6,827	30	6,857
Plus Change in inventories	48	46	13	-	61	46	-	46
Plus Other movements in non-financial assets	1,783	1,599	91	77	1,874	1,676	11	1,688
Equals **Total Net Acquisition of Non-financial Assets**	**4,356**	**4,078**	**776**	**525**	**5,132**	**4,630**	**(6)**	**4,624**
Fiscal Balance	**(8,159)**	**(5,015)**	**230**	**637**	**(8,348)**	**(5,141)**	**(2,650)**	**(7,886)**

Notes:

(a) Numbers may not add due to rounding and have been restated where necessary to ensure comparability.

(b) The Non-financial Public Sector (NFP) consolidates the GGS and PNFC Sectors, eliminating inter-sector balances and transactions such as dividend and income tax equivalent income. The State Financial Sector consolidates the NFP and the PFC sectors.

(c) In accordance with UPF requirements, estimates for Public Financial Corporations (PFC) and State Financial Sectors are not included in Budget documentation.

(d) For GFS, the change in Net Worth is the change from the previous published outcome. This differs from the AASB 1049 statements where prior year adjustments are permitted under IFRS.

2020 - 21 Balance Sheet by Sector ($ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector (b)		Public Financial Corporations Sector (b)	State Financial Sector
	Est. Actual	Outcome	Est. Actual	Outcome	Est. Actual	Outcome	Outcome (c)	Outcome (c)
Assets								
Financial assets								
Cash and deposits	951	1,072	941	1,159	1,892	2,232	11,908	12,423
Advances paid	1,357	1,339	1,236	1,135	1,352	1,334	-	1,334
Investments, loans and placements	38,466	41,742	233	1,345	38,699	43,086	166,648	78,104
Receivables	4,198	5,521	1,486	1,829	5,121	6,418	370	6,696
Equity								
Investments in other public sector entities	21,782	21,429	-	-	2,788	2,775	-	-
Investments - other	161	165	9	7	170	172	-	172
Total financial assets	**66,917**	**71,267**	**3,906**	**5,474**	**50,023**	**56,016**	**178,927**	**98,729**
Non-Financial Assets								
Land and other fixed assets	237,808	243,075	64,667	64,054	302,474	307,128	151	307,279
Other non-financial assets	6,972	7,390	1,440	2,014	1,222	1,256	119	1,249
Total Non-financial Assets	**244,780**	**250,464**	**66,107**	**66,068**	**303,696**	**308,385**	**270**	**308,528**
Total assets	**311,697**	**321,731**	**70,012**	**71,543**	**353,719**	**364,401**	**179,197**	**407,257**
Liabilities								
Payables	4,672	4,725	1,453	2,304	5,607	6,150	139	6,223
Superannuation liability	23,758	27,322	(152)	(273)	23,606	27,049	-	27,049
Other employee benefits	8,339	8,914	914	963	9,253	9,877	152	10,029
Deposits held	-	-	13	12	13	12	8,104	6,399
Advances received	1,505	1,435	5	5	268	300	-	300
Borrowing with QTC	47,102	46,153	40,225	39,747	87,327	85,901	-	-
Leases and other similar arrangements	7,779	7,705	448	454	8,227	8,158	447	8,605
Securities and derivatives	198	220	68	1,357	259	1,567	160,436	124,189
Other liabilities	13,653	15,633	8,043	8,319	14,467	15,762	7,143	22,753
Total liabilities	**107,006**	**112,106**	**51,017**	**52,888**	**149,028**	**154,775**	**176,422**	**205,547**
Net Worth	**204,691**	**209,625**	**18,995**	**18,655**	**204,691**	**209,625**	**2,775**	**201,710**
KEY FISCAL AGGREGATES								
Net Financial Worth	(40,089)	(40,839)	(47,112)	(47,414)	(99,005)	(98,759)	2,505	(106,818)
Net Financial Liabilities	61,871	62,268	NA	NA	101,793	101,534	NA	106,818
Net Debt	15,809	11,360	38,349	37,936	54,151	49,287	(9,569)	47,632

Notes:

(a) Numbers may not add due to rounding and have been restated where necessary to ensure comparability.

(b) The Non-financial Public Sector (NFP) consolidates the GGS and PNFC Sectors, eliminating inter-sector balances and transactions such as dividend and income tax equivalent income. The State Financial Sector consolidates the NFP and the PFC sectors.

(c) In accordance with UPF requirements, estimates for Public Financial Corporations (PFC) and State Financial sectors are not included in Budget documentation.

2020 - 21 Cash Flow Statement by Sector ($ million)

	General Government Sector		Public Non-financial Corporations Sector		Non-financial Public Sector (b)		Public Financial Corporations Sector (b)	State Financial Sector
	Est. Actual	Outcome	Est. Actual	Outcome	Est. Actual	Outcome	Outcome (c)	Outcome (c)
Cash Receipts from Operating Activities								
Taxes received	15,326	15,882	-	-	15,010	15,549	-	15,441
Grants and subsidies received	30,444	31,226	610	614	30,496	31,233	-	31,123
Sales of goods and services	6,508	6,217	13,126	13,555	16,630	17,166	2,630	19,417
Interest receipts	2,036	2,077	56	66	2,074	2,136	3,679	1,222
Dividends and income tax equivalents	1,669	1,673	15	15	139	121	-	15
Other receipts	5,213	5,745	232	182	5,444	5,893	145	6,037
	61,196	**62,820**	**14,039**	**14,433**	**69,792**	**72,098**	**6,454**	**73,255**
Cash Payments for Operating Activities								
Payments for employees	(30,078)	(30,320)	(2,396)	(2,295)	(32,353)	(32,489)	(354)	(32,529)
Payments for goods and services	(19,247)	(19,002)	(5,649)	(5,931)	(21,903)	(22,256)	(1,844)	(24,094)
Grants and subsidies	(11,631)	(11,709)	(24)	(24)	(11,081)	(11,128)	(110)	(11,128)
Interest paid	(1,514)	(1,568)	(1,711)	(1,684)	(3,021)	(3,061)	(5,471)	(3,778)
Other payments	-	(2)	(1,000)	(1,002)	(521)	(490)	(224)	(705)
	(62,471)	**(62,601)**	**(10,781)**	**(10,936)**	**(68,879)**	**(69,424)**	**(8,004)**	**(72,233)**
Net Cash Flows from Operating Activities	**(1,275)**	**219**	**3,259**	**3,497**	**913**	**2,675**	**(1,550)**	**1,022**
Cash Flows from Investing Activities								
Non-financial Assets								
Purchases of non-financial assets	(6,965)	(6,835)	(3,491)	(3,157)	(10,456)	(10,007)	(15)	(10,022)
Sales of non-financial assets	206	216	41	69	247	272	2	274
	(6,759)	**(6,619)**	**(3,449)**	**(3,088)**	**(10,208)**	**(9,735)**	**(13)**	**(9,748)**
Financial Assets (Policy Purposes)	**34**	**(33)**	**79**	**262**	**(99)**	**(84)**	**-**	**(34)**
Financial Assets (Liquidity Purposes)	**(859)**	**(3,513)**	**(18)**	**10**	**(877)**	**(3,503)**	**2,200**	**7,642**
Net Cash Flows from Investing Activities	**(7,584)**	**(10,165)**	**(3,389)**	**(2,816)**	**(11,185)**	**(13,321)**	**2,187**	**(2,139)**
Net Cash Flows from Financing Activities								
Advances received (net)	(341)	(411)	(1)	(1)	(86)	(55)	-	(55)
Borrowing (net)	8,946	10,225	1,276	806	10,221	11,031	(12,176)	(1,137)
Dividends paid	-	-	(1,071)	(1,071)	-	-	(94)	-
Deposits received (net)	-	(1)	-	(1)	-	(1)	(721)	(785)
Other financing (net)	-	-	(22)	(144)	(65)	(191)	21,658	12,472
Net Cash Flows from Financing Activities	**8,605**	**9,813**	**182**	**(411)**	**10,069**	**10,783**	**8,667**	**10,495**
Net Increase/(Decrease) in Cash Held	**(254)**	**(133)**	**52**	**270**	**(202)**	**137**	**9,304**	**9,378**
KEY FISCAL AGGREGATES								
Net cash from operating activities	(1,275)	219	3,259	3,497	913	2,675	(1,550)	1,022
Net cash from investments in non-financial assets	(6,759)	(6,619)	(3,449)	(3,088)	(10,208)	(9,735)	(13)	(9,748)
Dividends paid	-	-	(1,071)	(1,071)	-	-	(94)	-
Cash Surplus/(Deficit)	**(8,033)**	**(6,401)**	**(1,262)**	**(662)**	**(9,295)**	**(7,060)**	**(1,657)**	**(8,726)**
Derivation of ABS GFS Cash Surplus/Deficit								
Cash surplus/(deficit)	(8,033)	(6,401)	(1,262)	(662)	(9,295)	(7,060)	(1,657)	(8,726)
Acquisitions under finance leases and similar arrangements	(1,632)	(1,547)	(9)	(18)	(1,641)	(1,565)	(11)	(1,576)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(9,665)**	**(7,948)**	**(1,271)**	**(680)**	**(10,937)**	**(8,625)**	**(1,669)**	**(10,302)**

Notes:

(a) Numbers may not add due to rounding and have been restated where necessary to ensure comparability.

(b) The Non-financial Public Sector (NFP) consolidates the GGS and PNFC Sectors, eliminating inter-sector balances and transactions such as dividend and income tax equivalent income. The State Financial Sector consolidates the NFP and the PFC sectors.

(c) In accordance with UPF requirements, estimates for Public Financial Corporations (PFC) and State Financial sectors are not included in Budget documentation.

Outcomes Report - Other General Government UPF Data

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

General Government Sector

Taxes	2020-21 Outcome $ million
Taxes on employers' payroll and labour force	4,166
Taxes on property	
Land taxes	1,524
Other	581
Taxes on the provision of goods and services	
Stamp duties on financial and capital transactions	3,985
Financial institutions' transactions taxes	292
Taxes on gambling	1,586
Taxes on insurance	1,139
Taxes on use of goods and performance of activities	
Motor vehicle taxes	2,672
Other	304
Total Taxation Revenue	**16,249**

Note:
1. Numbers may not add due to rounding.

Dividend and Income Tax Equivalent Income	2020-21 Outcome $ million
Dividend and Income Tax Equivalent income from PNFC sector	1,176
Dividend and Income Tax Equivalent income from PFC sector	135
Total Dividend and Income Tax Equivalent income	**1,310**

Note:
1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector continued

Grants Revenue	**2020-21 Outcome $ million**
Current grants revenue	
Current grants from the Commonwealth	
General purpose grants	15,456
Specific purpose grants	10,091
Specific purpose grants for on-passing	3,682
Total current grants from the Commonwealth	29,229
Other contributions and grants	337
Total current grants revenue	**29,566**
Capital grants revenue	
Capital grants from the Commonwealth	
Specific purpose grants	3,420
Other contributions and grants	27
Total capital grants revenue	**3,447**
Total grants revenue	**33,013**

Note:
1. Numbers may not add due to rounding.

Grants Expense	**2020-21 Outcome $ million**
Current grants expenses	
Private and not-for-profit sector	2,568
Private and not-for-profit sector on-passing	3,215
Local Government	211
Local Government on-passing	505
Grants to other sectors of Government	2,643
Other	433
Total current grants expense	**9,574**
Capital grants expenses	
Private and not-for-profit sector	594
Local Government	1,048
Grants to other sectors of Government	43
Other	449
Total capital grants expenses	**2,135**
Total grants expenses	**11,709**

Note:
1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector continued

Expenses by Function	2020-21 Outcome $ million		2020-21 Outcome $ million
General Public Services	**4,802**	**Health**	**20,148**
Executive and legislative organs, financial and fiscal affairs, external affairs	839	Outpatient services	3,050
General services	243	Hospital services	11,310
Public debt transactions	1,536	Mental health institutions	597
Transfers of a general character between level of government	520	Community health services	4,051
General public services n.e.c.	1,664	Public health services	438
		R&D - Health	188
		Health n.e.c.	515
Public Order and Safety	**5,973**	**Recreation, Culture and Religion**	**815**
Police services	2,491	Recreation and sporting services	378
Civil and fire protection services	798	Cultural services	350
Law courts	936	Recreation, culture and religion n.e.c.	87
Prisons	1,393		
Public order and safety n.e.c.	355	**Education**	**15,430**
		Pre-primary and primary education	7,454
Economic Affairs	**1,958**	Secondary education	5,069
General economic, commercial and labour affairs	355	Tertiary education	1,317
		Subsidiary services to education	172
Agriculture, forestry, fishing and hunting	403	Education n.e.c.	1,418
Fuel and energy	485		
Mining, manufacturing and construction	276	**Social Protection**	**5,577**
R&D - Economic affairs	189	Sickness and disability	2,157
Other industries	250	Old age	16
		Family and children	1,607
Environmental Protection	**977**	Housing	750
Protection of biodiversity and landscape	623	Social exclusion n.e.c.	189
Environmental protection n.e.c.	354	Social protection n.e.c.	859
Housing and Community Amenities	**1,049**	**Transport**	**6,940**
Housing development	677	Road transport	2,933
Community development	75	Bus transport	81
Water supply	215	Water transport	161
Housing and community amenities n.e.c.	82	Railway transport	2,178
		Multi-mode urban transport	922
		Transport n.e.c.	665
		Total	**63,669**

Note:
1. Numbers may not add due to rounding.

Outcomes Report - Other General Government UPF Data

General Government Sector continued

Purchases of Non-financial Assets by Function	2020-21 Outcome $ million
General public services	175
Public order and safety	417
Economic affairs	18
Environmental protection	20
Housing and community amenities	409
Health	760
Recreation, culture and religion	81
Education	1,221
Social protection	48
Transport	3,687
Total	**6,835**

Note:
1. Numbers may not add due to rounding.

Certification of Outcomes Report

Management Certification

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

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

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

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

(i) the Operating Statement and Cash Flows of the Queensland State Government for the financial year; and

(ii) the Balance Sheet of the Government at 30 June 2021.

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

William Ryan
Head of Fiscal
Queensland Treasury

Leon Allen
Under Treasurer
Queensland Treasury

22 October 2021

Unite & Recover

2020–21
AASB 1049
Financial Statements

Overview and Analysis – 30 June 2021

Queensland Government

AASB 1049 - Overview and Analysis

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

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

Summary of Key Financial Aggregates of the Consolidated Financial Statements

The table below provides aggregate information under AASB1049:

	General Government Sector		Total State Sector	
	2021 $ million	2020 $ million	2021 $ million	2020 $ million
Taxation revenue	16,249	14,585	15,798	14,146
Grants revenue	33,013	27,645	32,910	27,575
Sales of goods and services	6,063	5,618	17,749	17,674
Interest income	1,948	2,088	1,228	948
Dividend and income tax equivalent income	1,310	1,926	15	14
Other revenue	4,148	5,915	4,611	6,425
Continuing Revenue from Transactions	**62,732**	**57,778**	**72,311**	**66,782**
Employee expenses	26,501	25,662	28,554	27,712
Superannuation expenses	3,319	3,537	3,591	3,795
Other operating expenses	16,335	17,085	21,625	22,750
Depreciation and amortisation	4,187	4,033	6,857	6,780
Other interest expenses	1,619	1,486	3,821	3,868
Grants expenses	11,709	11,702	11,125	11,068
Continuing Expenses from Transactions	**63,669**	**63,505**	**75,573**	**75,973**
Net Operating Balance	**(937)**	**(5,728)**	**(3,262)**	**(9,191)**
Other Economic Flows - Included in Operating Result	9,787	(4,925)	15,074	(4,879)
Operating Result	**8,850**	**(10,653)**	**11,812**	**(14,070)**
Other Economic Flows - Other Movements in Equity	5,129	5,532	5,468	7,491
Comprehensive Result [1]	**13,979**	**(5,121)**	**17,280**	**(6,579)**
Purchases of non-financial assets	6,835	6,306	10,022	9,498
Fiscal Balance	(5,015)	(9,164)	(7,886)	(13,263)
Borrowing with QTC	**46,153**	**37,570**	**-**	**-**
Leases and other loans	7,705	6,485	8,605	7,383
Securities and derivatives	220	198	124,189	115,025
Assets	321,731	298,262	407,257	379,691
Liabilities	112,106	102,616	205,547	195,261
Net Worth	**209,625**	**195,646**	**201,710**	**184,430**
Net Debt	11,360	14,036	47,632	53,470

Note:
1. Comprehensive result is different to the Outcomes Report as it reflects the movement from the 2020 recast position, rather than the 2020 published position.
2 Numbers may not add due to rounding.

Net Operating Balance

The GGS net operating balance was a deficit of $937 million compared to a restated deficit of $5.728 billion in 2019-20. The COVID-19 pandemic severely impacted Queensland's 2019-20 net operating balance, substantially reducing revenues following the downturn in domestic economic activity and increasing expenses as the Government sought to support households and businesses and stimulate the Queensland economy in the wake of the crisis. A rebound in Queensland and national activity in the first half of 2021 has delivered a partial recovery in revenue and a relative improvement in the net operating deficit.

GGS revenue rose by around 9 per cent ($4.954 billion) while expenses growth remained relatively flat over the year as the Government continued with Queensland's health response and economic recovery measures.

The Total State Sector (TSS) net operating balance showed a deficit of $3.262 billion compared to a restated deficit of $9.191 billion in 2019-20.

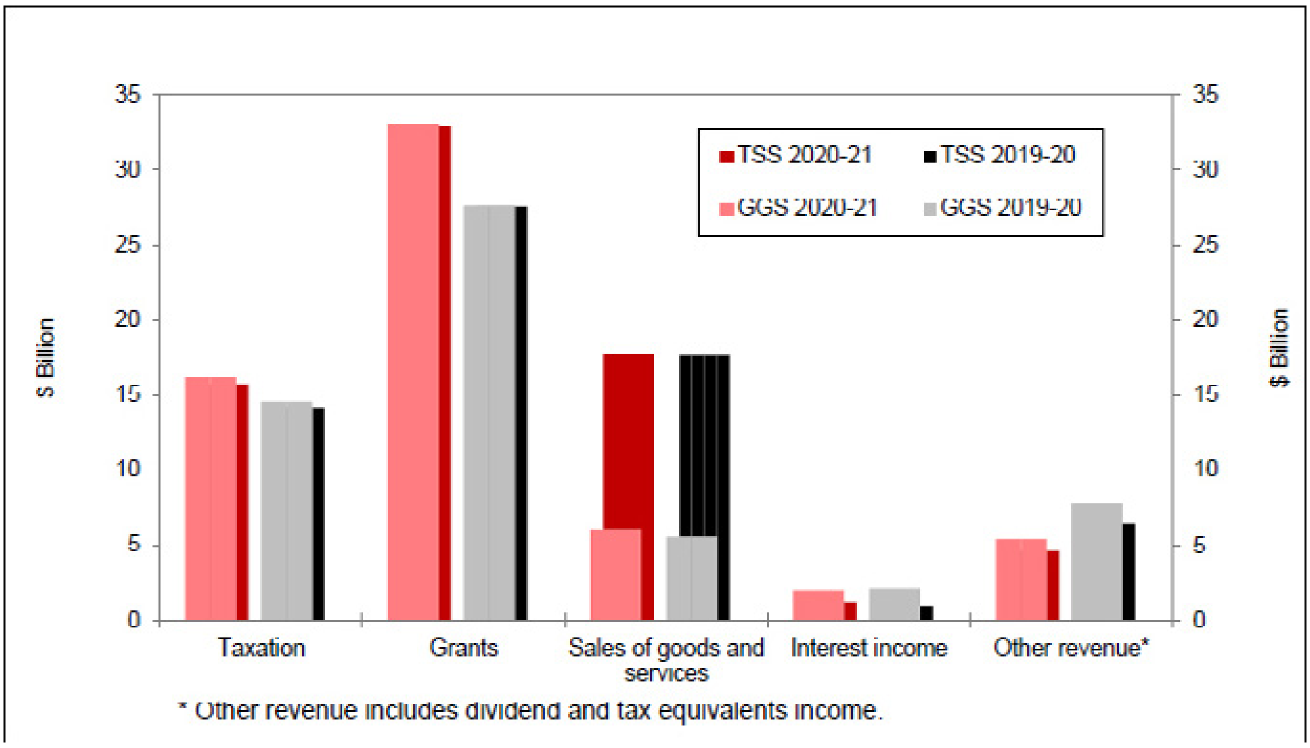
The variances are explained below.

Revenue

Revenue from transactions increased from $57.778 billion in 2019-20 to be $62.732 billion in the GGS and totals $72.311 billion in the TSS, a rise of $5.529 billion over 2019-20.

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

Chart 4.1: General Government Sector and Total State Revenue by Type compared to 2019-20



Taxation revenue increased in 2020-21 by $1.664 billion for GGS and $1.652 billion for the TSS.

The increase in GGS taxation revenue is a result of the improved economic conditions following the initial impacts of COVID-19. Improved taxation revenue was driven by a $913 million recovery in transfer duty due to higher turnover of residential properties, stronger gambling taxes of $328 million, higher motor vehicle duties and registration of $128 million and $101 million respectively, as well as a $117 million increase in land tax.

Revenue continued

Commonwealth and other grants comprised 53 per cent of GGS revenue and 46 per cent of TSS revenue. Grant revenue increased $5.369 billion from 2019-20 for the GGS and $5.335 billion for the TSS. The increase was due to

- higher GST revenue of $2.658 billion reflective of stronger national household spending and dwelling investment as the economy recovered from the initial effects of the COVID-19 pandemic in 2020;
- uplift in National Partnership Payments with an additional $1.6 billion in funding in 2020-21 mainly for roads infrastructure including stimulus and accelerated funding packages in response to COVID-19; and
- further Specific Purpose payments of $1.114 billion including National Health Reform funding, incorporating funding the COVID-19 health response, Skills and Workforce Development, Quality Schools and HomeBuilder grants.

GGS sales of goods and services were $445 million higher than 2019-20 partly due to higher revenue from hospital fees and reimbursement of signalling system costs for the Cross River Rail project by Queensland Rail. Higher sales of goods and service revenue in the GGS is offset to an extent for the TSS by lower electricity sales revenue.

Dividend and income tax equivalent revenue for the GGS decreased $616 million in comparison to 2019-20 largely to due to lower returns in the electricity sector.

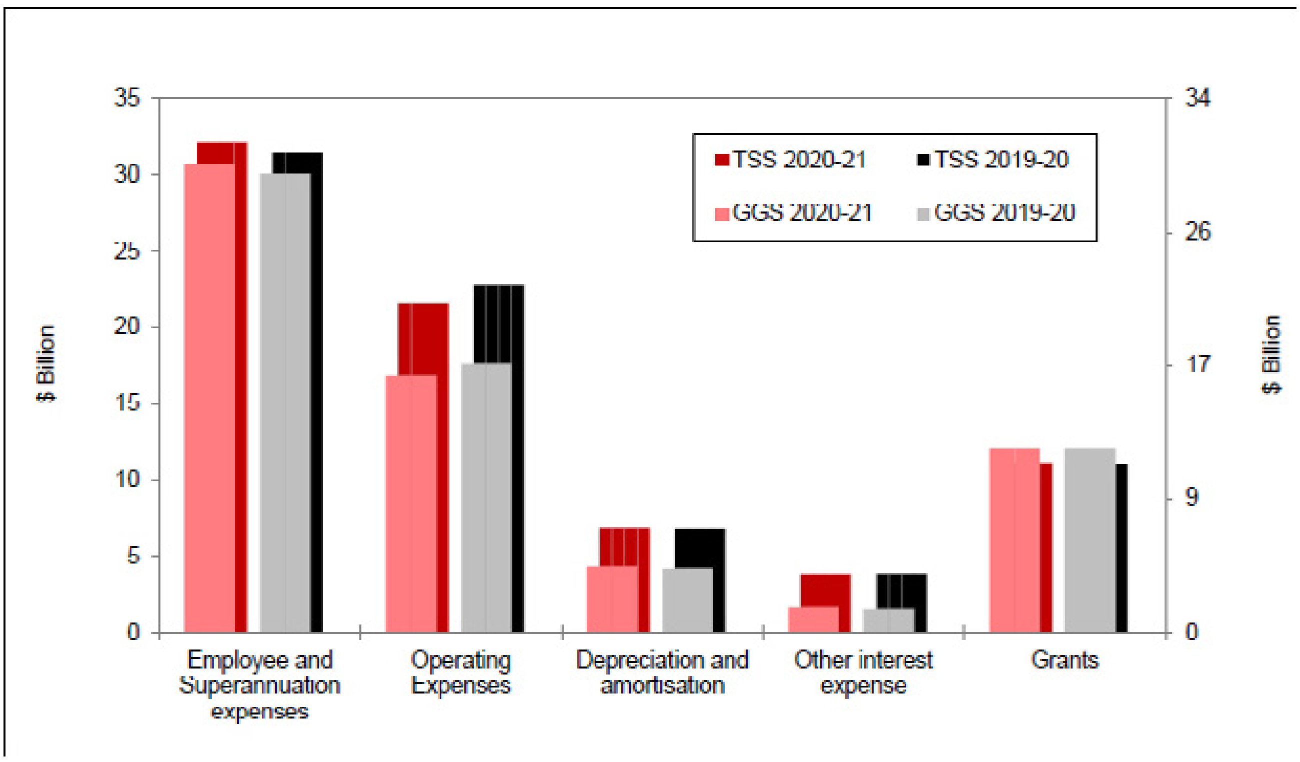
GGS other revenue was $1.767 billion lower in 2020-21 mainly due to lower coal and oil prices and a moderation in coal export volumes. This decrease flows through to the TSS.

Expenses

Total expenses for 2020-21 were $63.669 billion for the GGS and $75.573 billion for the TSS, $164 million higher and $400 million lower than the previous year respectively.

Expenses by type are shown in the following chart:

Chart 4.2: General Government Sector and Total State Expenses by Type compared to 2019-20



Expenses growth remained relatively flat in 2020-21 despite the Government's continuing COVID-19 health response and economic recovery measures. Expenses were contained partly due to departments achieving $750 million in savings under the Government's Savings and Debt plan as well as the public service wage increases being deferred.

GGS employee and superannuation expenses were 2.1 per cent higher in 2020-21, broadly consistent with the estimate in the 2021-22 Budget. The Government implemented a deferral of scheduled increases in GGS wages from 2020-21 into the following two years to assist in funding its response to the COVID-19 pandemic, moderating growth in employee and superannuation expenses relative to previous financial years. The increases are predominately in key frontline services.

Expenses continued

Other operating expenses were $750 million lower than 2019-20 for the GGS mainly due to self-insurance costs related to historical physical and sexual child abuse claims and other litigation costs provided for in 2019-20. Partly offsetting lower claim costs in 2020-21 were COVID-19 health response measures, including quarantine activities. TSS other operating expenses were $1.125 billion lower in comparison to 2019-20 due to the lower costs in the GGS and lower claim costs in the PNFC sector.

Depreciation and amortisation increased by $154 million for the GGS mainly due to increases in infrastructure.

Interest costs increased by $133 million to $1.619 billion for the GGS in 2020-21, mainly due to higher borrowings at the end of 2019-20 as a result of the COVID-19 support and recovery measures and lower cash inflows from taxes, GST and royalties in the immediate wake of the pandemic.

Grant expenses totalled $11.709 billion in the GGS and $11.125 billion in the TSS for 2020-21, similar to overall grant expenses in 2019-20.

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 2020-21 year was a surplus of $8.85 billion, compared to a deficit of $10.653 billion in 2019-20. The significant turnaround in the operating result compared to 2019-20 is mainly due to the improved net operating balance, discussed above, the gain on transfer of the Titles Registry business to a QIC managed unit trust, the market value adjustment to the fixed rate notes with QTC, deferred tax revenue from Government-owned businesses and higher capital return dividends from Powerlink and Queensland Treasury Holdings Pty Ltd. An upward actuarial adjustment to self-insurance liabilities partly offset the improvements to operating result.

The TSS operating result was a surplus of $11.812 billion compared to a deficit of $14.07 billion in 2019-20. The turnaround in 2020-21 arose mainly from the improved net operating balance, the gain on transfer of the Titles Registry business to a QIC managed unit trust, as well as the net effect of realised and unrealised market value adjustments to borrowings, investments, derivatives and non-financial assets, offset in part by an actuarial adjustment to self-insurance liabilities.

Fiscal Balance

The GGS fiscal deficit was $5.015 billion for 2020-21 compared to a deficit of $9.164 billion for 2019-20. The TSS fiscal deficit was $7.886 billion for 2020-21 compared to a deficit of $13.263 billion for 2019-20. The changes are driven by the improved net operating balances offset to an extent by higher purchases of non-financial assets in each case.

Assets

Assets controlled by the GGS at 30 June 2021 totalled $321.731 billion, an increase of $23.470 billion on 2019-20, while assets controlled by the TSS at 30 June 2021 totalled $407.257 billion. This is an increase of $27.566 billion from the 2020 balance of $379.691 billion.

Financial assets in the GGS were $12.990 billion higher than 2019-20, boosted by the contribution of the Titles Registry business to a unit trust in the seeding of the Debt Retirement Fund and other funds, and higher balances on the long term asset fixed rate note.

Financial assets of the State increased by $17.011 billion, reflecting the contribution of the Titles Registry business to a unit trust, higher cash balances of $9.378 billion, mainly in QTC, held for liquidity and pre-funding purposes, and higher balances on QIC trusts following market value adjustments offset in part by lower holdings of securities and bonds by QTC.

Non-financial assets increased by $10.48 billion in the GGS due to revaluations of land under roads, road infrastructure and schools, as well as capital purchases exceeding depreciation. The increase at the TSS level was $10.555 billion.

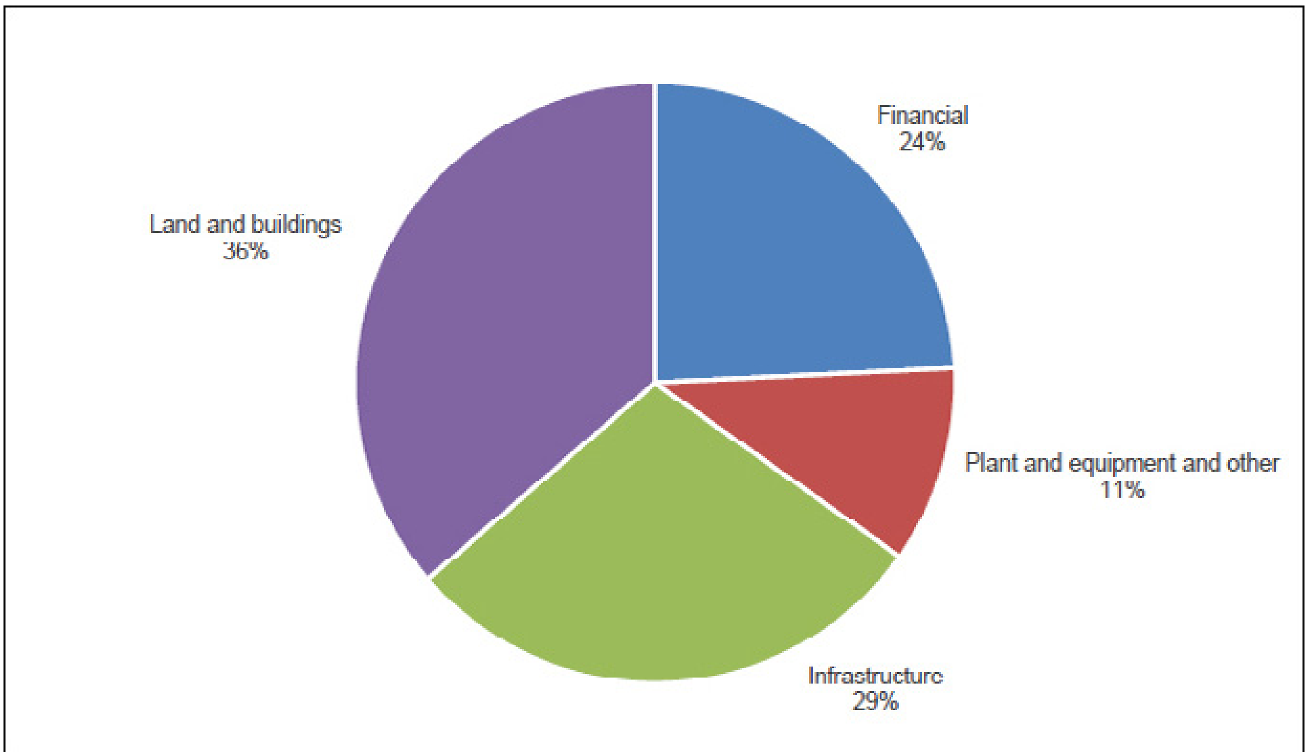
Assets continued

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

	General Government	Total State
	$M	$M
Financial	71,267	98,729
Infrastructure	64,527	117,377
Land and buildings	143,550	148,023
Plant and equipment and other	42,387	43,128
	321,731	407,257

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

Chart 4.3: Total State Assets by Type



Liabilities

Liabilities at 30 June 2021 totalled $112.106 billion for the GGS and $205.547 billion for the TSS, an increase of $9.491 billion over 2019-20 for the GGS and an increase of $10.286 billion for the State.

The overall increase in liabilities for the GGS arose largely from additional borrowing from QTC ($8.583 billion), increased leases and other loans ($1.219 billion) mainly associated with tunnels, stations and development works of the Cross River Rail project, deferred tax liabilities ($568 million) mainly for electricity generation businesses and further increases in provisions ($525 million) largely for institutional child abuse claims. Partly offsetting these increases were lower payables and advances from GOCs.

For the TSS, securities and derivatives, largely held by QTC, have increased $9.164 billion, mainly to fund additional on-lending requirements as well as being impacted by market value adjustments. Lease and other loans increased $1.222 billion largely related to Cross River Rail project as discussed above. Provisions have increased by $1.342 billion, mainly for WorkCover and the National Injury Insurance Scheme and other claims, in addition to the increase in the GGS.

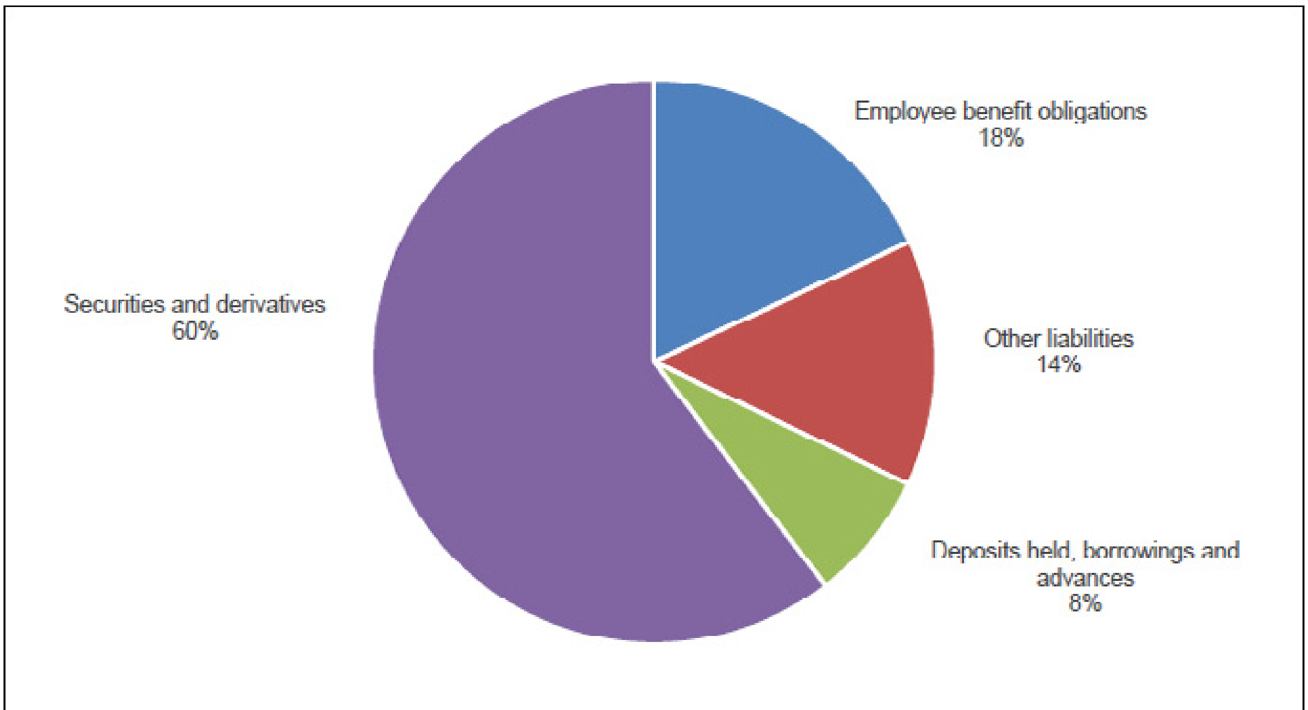
Liabilities continued

Of the TSS liabilities, GGS liabilities comprised 55 per cent. Total liabilities are made up of:

	General Government	Total State
	$M	$M
Securities and derivatives	220	124,189
Deposits held, borrowings and advances	55,292	15,304
Employee benefit obligations	36,235	37,078
Other liabilities	20,358	28,976
	112,106	205,547

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

Chart 4.4: Total State Liabilities by Type



Net Debt

The GGS net debt was $11.36 billion at 30 June 2021, compared to $14.036 billion in 2019-20. The comparative improvement of $2.676 billion in net debt is due to an increase in securities other than shares of $12.171 billion, which was mainly the result of the contribution of the Titles Registry business to a unit trust and market value adjustment on the long term asset fixed rate note, partially offset by higher borrowings with QTC of $8.583 billion and an increase in leases and other loans of $1.219 billion.

TSS net debt at 30 June 2021 was $47.632 billion, an improvement of $5.838 billion on 2020. The decrease in net debt is due to higher cash and deposits and securities other than shares, partially offset by securities and derivative liabilities, mainly with QTC, and leases and other loans, discussed above.

Cash Flow Statement

The Government continued with its COVID-19 health response and economic support measures and despite a rebound in revenue in the first half of 2021, the GGS recorded a small positive net cash flow from operating activities of $219 million for the 2020-21 financial year. When this is added to the net investments in non-financial assets of $6.619 billion, the cash deficit totals $6.401 billion, compared to a cash deficit in 2020 of $6.228 billion.

The TSS recorded net cash outflows from operating activities for the 2020-21 financial year of $1.022 billion. After net investments in non-financial assets of $9.748 billion, the resulting cash deficit is $8.726 billion, compared to a $9.317 billion cash deficit for 2019-20.

Unite & Recover

2020–21
Audited Information

Queensland General Government and
Whole of Government Consolidated
Financial Statements
30 June 2021

Queensland Government

Operating Statement for Queensland
for the Year Ended 30 June 2021

	Notes	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Continuing Operations					
Revenue from Transactions					
Taxation revenue	3	16,249	14,585	15,798	14,146
Grants revenue	4	33,013	27,645	32,910	27,575
Sales of goods and services	5	6,063	5,618	17,749	17,674
Interest income	6	1,948	2,088	1,228	948
Dividend and income tax equivalent income	7	1,310	1,926	15	14
Other revenue	8	4,148	5,915	4,611	6,425
Total Revenue from Transactions		**62,732**	**57,778**	**72,311**	**66,782**
Expenses from Transactions					
Employee expenses	9	26,501	25,662	28,554	27,712
Superannuation expenses	10	3,319	3,537	3,591	3,795
Other operating expenses	11	16,335	17,085	21,625	22,750
Depreciation and amortisation	12	4,187	4,033	6,857	6,780
Other interest expenses	13	1,619	1,486	3,821	3,868
Grants expenses	14	11,709	11,702	11,125	11,068
Total Expenses from Transactions		**63,669**	**63,505**	**75,573**	**75,973**
Net Operating Balance from Continuing Operations		**(937)**	**(5,728)**	**(3,262)**	**(9,191)**
Other Economic Flows - Included in Operating Result					
Gains/(losses) on sale of assets/settlement of liabilities	15	8,004	(24)	8,434	914
Revaluation increments/(decrements) and impairment (losses)/reversals	16	2,700	(3,395)	5,265	(3,170)
Asset write-downs	17	(228)	(255)	(252)	(267)
Actuarial adjustments to liabilities	18	(1,318)	(411)	(1,227)	(364)
Deferred income tax equivalents		31	(809)	-	-
Dividends and tax equivalents treated as capital returns	19	449	74	-	-
Other	20	150	(105)	2,854	(1,992)
Total Other Economic Flows - Included in Operating Result		**9,787**	**(4,925)**	**15,074**	**(4,879)**
Operating Result from Continuing Operations		**8,850**	**(10,653)**	**11,812**	**(14,070)**
Other Economic Flows - Other Movements in Equity					
Adjustments to opening balances *		-	1,508	-	1,508
Revaluations		5,212	4,024	5,551	5,983
Other		(82)	-	(82)	-
Total Other Economic Flows - Other Movements in Equity	21	**5,129**	**5,532**	**5,468**	**7,491**
Comprehensive Result/Total Change in Net Worth		**13,979**	**(5,121)**	**17,280**	**(6,579)**
KEY FISCAL AGGREGATES					
Net Operating Balance		**(937)**	**(5,728)**	**(3,262)**	**(9,191)**
Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		6,835	6,306	10,022	9,498
Less Sales of non-financial assets		216	230	274	264
Less Depreciation		4,187	4,033	6,857	6,780
Plus Change in inventories		46	112	46	161
Plus Other movement in non-financial assets		1,599	1,282	1,688	1,456
Equals **Total Net Acquisition/(Disposal) of Non-Financial Assets**		**4,078**	**3,436**	**4,624**	**4,072**
Fiscal Balance		**(5,015)**	**(9,164)**	**(7,886)**	**(13,263)**

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

* Refer to Statement of Changes in Equity (Net Worth).

Balance Sheet for Queensland
as at 30 June 2021

	Notes	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Assets					
Financial Assets					
Cash and deposits	22	1,072	1,205	12,423	3,045
Receivables and loans					
Receivables	23(a)	5,521	4,483	6,696	4,800
Advances paid	23(b)	1,339	1,278	1,334	1,272
Loans paid	23(c)	375	383	11,367	11,205
Securities other than shares	24(a)	41,366	29,195	66,738	60,954
Shares and other equity investments					
Investments in public sector entities	24(b)	21,429	21,570	-	-
Investments in other entities	24(c)	6	6	6	276
Investments accounted for using the equity method	25(a)	159	156	166	166
Total Financial Assets		**71,267**	**58,277**	**98,729**	**81,718**
Non-Financial Assets					
Inventories	27	725	677	1,456	1,403
Assets held for sale	28	172	159	176	175
Investment properties	29	348	340	675	654
Property, plant and equipment	31	230,962	221,065	293,414	283,131
Intangibles	32	953	828	1,915	1,664
Service concession assets - GORTO	33	9,939	10,030	9,939	10,030
Deferred tax asset		6,549	6,121	-	-
Other non-financial assets	34	815	764	952	916
Total Non-Financial Assets		**250,464**	**239,984**	**308,528**	**297,973**
Total Assets		**321,731**	**298,262**	**407,257**	**379,691**
Liabilities					
Payables	35	4,725	5,683	6,223	6,700
Employee benefit obligations					
Superannuation liability	36(a)	27,322	27,800	27,049	27,648
Other employee benefits	36(b)	8,914	8,327	10,029	9,359
Deposits held	37(a)	-	-	6,399	7,185
Advances received	37(b)	1,435	1,845	300	354
Borrowing with QTC	37(c)	46,153	37,570	-	-
Leases and other loans	37(d)	7,705	6,485	8,605	7,383
Securities and derivatives	37(e)	220	198	124,189	115,025
Deferred tax liability		1,642	1,074	-	-
Provisions	38	5,368	4,843	13,376	12,034
Service concession liabilities - GORTO	33	7,633	7,867	7,633	7,867
Other liabilities	39	990	925	1,744	1,708
Total Liabilities		**112,106**	**102,616**	**205,547**	**195,261**
Net Assets		**209,625**	**195,646**	**201,710**	**184,430**
Net Worth					
Accumulated surplus		87,388	78,590	78,889	67,021
Reserves		122,237	117,056	122,821	117,409
Total Net Worth		**209,625**	**195,646**	**201,710**	**184,430**
KEY FISCAL AGGREGATES					
Net Financial Worth		(40,839)	(44,339)	(106,818)	(113,542)
Net Financial Liabilities		62,268	65,908	106,818	113,542
Net Debt		11,360	14,036	47,632	53,470

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 Equity (Net Worth) for Queensland General Government Sector for the Year ended 30 June 2021

	Opening Balance	Adjustments to Opening Balances	Comprehensive Result for Period: Movements	Comprehensive Result for Period: Transfers / Entity Cessation	Comprehensive Result for Period: Actuarial Gain / Loss on Superannuation	Closing Balance
	$M	$M	$M	$M	$M	$M
2021						
Accumulated surplus	78,590	-	8,850	106	(158)	87,388
Revaluation reserve - financial assets	14,027	-	(596)	(70)	-	13,361
Revaluation reserve - non-financial assets	102,912	-	5,965	(118)	-	108,760
Other reserves	117	-	-	(1)	-	116
Total equity at the end of the financial year	**195,646**	**-**	**14,220**	**(82)**	**(158)**	**209,625**

	Opening Balance [1]	Adjustments to Opening Balances	Comprehensive Result for Period: Movements	Comprehensive Result for Period: Transfers / Entity Cessation	Comprehensive Result for Period: Actuarial Gain / Loss on Superannuation	Closing Balance
	$M	$M	$M	$M	$M	$M
2020						
Accumulated surplus [2]	88,313	1,559	(10,653)	15	(645)	78,590
Revaluation reserve - financial assets [3]	15,580	(16)	(1,532)	(5)	-	14,027
Revaluation reserve - non-financial assets [4]	96,761	(36)	6,201	(14)	-	102,912
Other reserves	112	-	-	4	-	117
Total equity at the end of the financial year	**200,767**	**1,508**	**(5,983)**	**-**	**(645)**	**195,646**

Statement of Changes in Equity (Net Worth) for Queensland General Government Sector
for the Year Ended 30 June 2021 continued

Notes:

1. Opening balance above includes the prior year adjustments per the published 2019-20 Report on State Finances.

The following notes relate to prior year adjustments to equity arising during the 2020-21 year:

2. The opening accumulated surplus at 1 July 2019 has increased by $1.559 billion, primarily as a result of the adoption of AASB 1059 *Service Concession Arrangements: Grantors* (refer Note 1(e)), partially offset by adjustments to land valuations. The movement in accumulated surplus for the period includes a prior year increase of $105 million mainly due to the initial adoption of AASB1059.

3. The financial asset revaluation reserve opening balance has decreased by $16 million and the movement for the period has increased by $26 million. This is mainly due to the change in the GGS Net worth in relation to the fair valuation of the Public Non-financial and Public Financial Sectors.

4. The non-financial asset revaluation reserve opening balance has decreased by $36 million, due to an adjustment for land under roads. The movement in non-financial asset revaluation reserve for the period includes a prior year increase of $277 million due to the initial adoption of AASB 1059.

Statement of Changes in Equity (Net Worth) for Queensland Total State Sector for the Year ended 30 June 2021

	Opening Balance	Adjustments to Opening Balances	Comprehensive Result for Period			Closing Balance
			Movements	Transfers / Entity Cessation	Actuarial Gain / Loss on Superannuation [1]	
	$M	$M	$M	$M	$M	$M
2021						
Accumulated surplus	67,021	-	11,812	112	(55)	78,889
Revaluation reserve - financial asset	1,401	-	(725)	(70)	-	606
Revaluation reserve - non-financial assets	114,642	-	6,331	(235)	-	120,738
Other reserves	1,366	-	-	111	-	1,477
Total equity at the end of the financial year	**184,430**	**-**	**17,418**	**(82)**	**(55)**	**201,710**

	Opening Balance [2]	Adjustments to Opening Balances	Comprehensive Result for Period			Closing Balance
			Movements	Transfers / Entity Cessation	Actuarial Gain / Loss on Superannuation [1]	
	$M	$M	$M	$M	$M	$M
2020						
Accumulated surplus [3]	79,268	1,543	(14,070)	989	(709)	67,021
Revaluation reserve - financial assets	743	-	663	(5)	-	1,401
Revaluation reserve - non-financial assets [4]	109,101	(36)	6,029	(451)	-	114,642
Other reserves	1,898	-	-	(532)	-	1,366
Total equity at the end of the financial year	**191,010**	**1,508**	**(7,378)**	**-**	**(709)**	**184,430**

Statement of Changes in Equity (Net Worth) for Queensland Total State Sector for the Year Ended 30 June 2021 continued

Notes:

1. Refer to Note 48 - Retirement Benefit Obligations.
2. Opening balance above includes the prior year adjustments per the published 2019-20 Report on State Finances.

The following notes relate to prior year adjustments to equity arising during the 2020-21 year:

3. The opening accumulated surplus at 1 July 2019 has increased by $1.543 billion, primarily as a result of the adoption of AASB 1059 *Service Concession Arrangements: Grantors* (refer Note 1(e)), partially offset by adjustments to land valuations. The movement in accumulated surplus for the period includes a prior year increase of $125 million mainly due to the initial adoption of AASB 1059.
4. The non-financial asset revaluation reserve opening balance has decreased by $36 million, due to an adjustment for land under roads. The movement in non-financial asset revaluation reserve for the period includes a prior year increase of $277 million due to the initial adoption of AASB 1059.

Cash Flow Statement for Queensland
for the Year Ended 30 June 2021

	Notes	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Cash Flows from Operating Activities					
Cash received					
Taxes received		15,882	13,870	15,441	13,460
Grants and subsidies received		31,226	28,845	31,123	28,775
Sales of goods and services		6,217	6,055	19,417	20,538
Interest receipts		2,077	2,009	1,222	945
Dividends and income tax equivalents		1,673	2,756	15	14
Other receipts		5,745	7,505	6,037	8,036
		62,820	**61,039**	**73,255**	**71,769**
Cash paid					
Payments for employees		(30,320)	(29,335)	(32,529)	(31,564)
Payments for goods and services		(19,002)	(19,461)	(24,094)	(25,072)
Grants and subsidies paid		(11,709)	(10,928)	(11,128)	(10,580)
Interest paid		(1,568)	(1,460)	(3,778)	(3,840)
Other payments		(2)	(8)	(705)	(796)
		(62,601)	**(61,192)**	**(72,233)**	**(71,852)**
Net Cash Flows from Operating Activities	40(a)	**219**	**(152)**	**1,022**	**(83)**
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets		(6,835)	(6,306)	(10,022)	(9,498)
Sales of non-financial assets		216	230	274	264
		(6,619)	**(6,076)**	**(9,748)**	**(9,234)**
Financial Assets (Policy Purposes)					
Equity acquisitions		(242)	(100)	1	-
Equity disposals		223	76	(20)	2
Advances and concessional loans paid		(257)	(1,102)	(257)	(1,101)
Advances and concessional loans received		243	184	242	183
		(33)	**(941)**	**(34)**	**(916)**
Financial Assets (Liquidity Purposes)					
Purchases of investments		(15,656)	(2,358)	(41,408)	(44,227)
Sales of investments		12,143	6,736	49,050	45,598
		(3,513)	**4,378**	**7,642**	**1,371**
Net Cash Flows from Investing Activities		**(10,165)**	**(2,639)**	**(2,139)**	**(8,780)**
Cash Flows from Financing Activities					
Cash received					
Advances received		1,629	2,627	5	8
Proceeds of borrowing		10,916	3,710	1,813	581
Deposits received		-	-	937	1,975
Other financing (including interest bearing liabilities)		-	-	37,000	62,306
		12,545	**6,337**	**39,755**	**64,871**
Cash paid					
Advances paid		(2,039)	(3,473)	(60)	(72)
Borrowing repaid		(692)	(735)	(2,950)	(2,075)
Deposits withdrawn		-	-	(1,722)	(24)
Other financing (including interest bearing liabilities)		-	-	(24,527)	(53,083)
		(2,731)	**(4,208)**	**(29,260)**	**(55,254)**
Net Cash Flows from Financing Activities		**9,813**	**2,128**	**10,495**	**9,617**
Net Increase/(Decrease) in Cash and Deposits Held		**(133)**	**(663)**	**9,378**	**754**
Cash and deposits at the beginning of the financial year		1,205	1,868	3,045	2,291
Cash and Cash Equivalents Held at the End of the Financial Year	22	**1,072**	**1,205**	**12,423**	**3,045**

Cash Flow Statement for Queensland
for the Year Ended 30 June 2021 continued

	Notes	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
KEY FISCAL AGGREGATES					
Net Cash from Operating Activities		219	(152)	1,022	(83)
Net Cash Flow from Investments in Non-Financial Assets		(6,619)	(6,076)	(9,748)	(9,234)
CASH SURPLUS/(DEFICIT)		**(6,401)**	**(6,228)**	**(8,726)**	**(9,317)**
Derivation of ABS GFS Cash Surplus/Deficit					
Cash surplus/(deficit)		(6,401)	(6,228)	(8,726)	(9,317)
Acquisitions under finance leases and similar arrangements		(1,547)	(1,263)	(1,576)	(1,320)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements		**(7,948)**	**(7,491)**	**(10,303)**	**(10,638)**

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

Index of Notes

Notes to the Financial Statements

1. Basis of financial statements preparation

(a) General information

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

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

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

(b) The Government reporting entity

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

Under AASB 1049 *Whole of Government and General Government Sector Financial Reporting*, the preparation of the GGS financial report does not require full application of AASB 10 *Consolidated Financial Statements* and AASB 9 *Financial Instruments*. The GGS includes the value of all material assets, liabilities, equity, revenue and expenses of entities controlled by the GGS of Queensland. Assets, liabilities, revenue, expenses and cash flows of Government controlled entities that are in the PNFC and the PFC are not separately recognised in the GGS.

Instead, the GGS recognises an asset, being the controlling equity investment in those entities and recognises an increment or decrement relating to changes in the carrying amount of that asset, measured in accordance with AASB 1049.

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

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

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

The ABS GFS Manual provides the basis upon which GFS information contained in the financial report is prepared. In particular, notes disclosing key fiscal aggregates of net worth, net operating balance, fiscal balance and cash surplus/(deficit), determined using the principles and rules in the ABS GFS Manual are included in this 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.

Notes to the Financial Statements

1. Basis of financial statements preparation continued

(c) Sectors continued

Public Non-financial Corporations Sector (PNFC Sector)

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

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

Public Financial Corporations Sector (PFC Sector)

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

Functions they perform may include:

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

(d) Compliance with prescribed requirements

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

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

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

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

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

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

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

(e) New and changed accounting standards

Accounting Standards applied for the first time in 2020-21

<u>AASB 1059 *Service Concession Arrangements: Grantors*</u>

AASB 1059 became effective in 2020-21, with retrospective restatement of comparative opening balances at 1 July 2019. This standard requires the State (the grantor) to recognise an asset and a corresponding liability for Service Concession Arrangements (SCAs), also known as Public Private Partnerships (PPP), where certain criteria are met. The impacts of adopting AASB 1059 are summarised below.

(i) SCAs recognised for the first time

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 were previously classified as 'Economic Infrastructure Arrangements' and not recognised on the State's Balance Sheet. For convenience, this class of service concession assets has been referred to as Grant of Right to Operate (GORTOs) in this document.

1. Basis of financial statements preparation continued

(e) New and changed accounting standards continued

Accounting Standards applied for the first time in 2020-21 continued

AASB 1059 *Service Concession Arrangements: Grantors continued*

(i) SCAs recognised for the first time continued

Under AASB 1059, the following GORTO arrangements, primarily toll roads and tunnels, were brought onto the Balance Sheet for the first time.

- Airport Link M7
- Gateway Motorway
- Logan Motorway
- Brisbane Airport Rail Link
- Port Drive
- Noosa Hospital
- Princess Alexandra Hospital car park

The financial impact of recognising these SCAs for the first time on 1 July 2019 are as follows. These assets and liabilities are included in Note 33.

Line item	$M	Measurement basis
Service concession asset – GORTO	$ 9,871	Current replacement cost at 1 July 2019.
Service concession liability – GORTO	$ 8,101	Current replacement cost of service concession assets at 1 July 2019 adjusted to reflect the remaining period of the SCA.
Accumulated surplus	$ 1,770	Difference between assets and liabilities recognised, this reflects revenue earned prior to 1 July 2019.

(ii) Property, plant and equipment reclassified as service concession assets

Arrangements where the State pays the operator to construct and maintain an infrastructure asset (such as a school or hospital building) were previously classified as ‘Social Infrastructure Arrangements’ and were recognised as property, plant and equipment and loans. For convenience, this class of service concession assets is referred to as non-GORTOs in this document, to distinguish them from the GORTO assets in (i) above.

Assets totalling $2.4 billion relating to the following arrangements that now fall within the scope of AASB 1059 have been reclassified within property, plant and equipment to ‘service concession assets – non-GORTO’ on 1 July 2019, per Note 31.

- Toowoomba Bypass
- Gold Coast Light Rail

Liabilities have been reclassified from lease liabilities to other loans within Note 37(d).

There was no impact on opening accumulated surplus from these reclassifications.

(iii) PPPs outside of AASB 1059 recognised for the first time

AASB 1059 also provides guidance on possible accounting treatments for PPP arrangements that are not within the scope of the new standard. Following a review of the State’s other PPP arrangements in light of this additional guidance, the State implemented a change in accounting policy with respect to the accounting for the following arrangements, which were previously unrecognised:

- Butterfield Street car park (at the Royal Brisbane and Women’s Hospital)
- The Prince Charles Hospital car park

These car parks have been recognised as property, plant and equipment for the first time on 1 July 2019, but the amounts are not material.

1. Basis of financial statements preparation continued

(e) New and changed accounting standards continued

Future impact of accounting standards not yet effective

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

Configuration or Customisation Costs in a Cloud Computing Arrangement (IFRIC agenda decision)

In April 2021, the International Financial Reporting Standards (IFRS) Interpretation Committee (IFRIC) issued an agenda decision on whether configuration or customisation costs in cloud computing or software-as-a-service arrangements should be capitalised as intangible assets, and if not, whether the expense should be recognised upfront or over the life of the contract. The State intends to adopt this agenda decision in 2021-22.

The State is currently assessing the impact of this IFRIC agenda decision and does not yet have an estimate of the quantitative impact or whether it will be material. At a high level, the expected accounting adjustments will be:

a) writing off some costs that have been capitalised as intangible assets, and

b) reclassifying some costs that have been capitalised as intangible assets as prepayment assets.

AASB 17 *Insurance Contracts*

This standard applies to insurance contracts and is effective for annual reporting periods beginning on or after 1 January 2023. However, the Australian Accounting Standards Board (AASB) is currently excluding not-for-profit public sector entities from the scope of AASB 17 while it deliberates on how the standard will be applied in the public sector and what public sector specific modifications or guidance are required. As such, the State has yet to commence analysis of the potential accounting impact of AASB 17 for its insurance contracts and will continue to monitor the progress of this standard.

The State's insurance liabilities are currently accounted for under AASB 1023 *General Insurance Contracts* or AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*, and are reported in Note 38.

(f) Reporting period

The reporting period of the GGS and TSS is the financial year ended 30 June 2021.

(g) Presentation

Currency and rounding

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

Comparative information and errors

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

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

Foreign currency

Foreign currency transactions are translated into Australian dollars at the rate of exchange prevailing at the date of the transaction. Amounts payable and receivable in foreign currencies at balance date are translated to Australian dollars at rates of exchange current at 30 June 2021.

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.

1. Basis of financial statements preparation continued

(h) Basis of measurement

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

– Financial assets;

- receivables and loans (except onlendings) are measured at amortised cost;
- term deposits are measured at amortised cost;
- securities and bonds and investments in other public sector entities within GGS are measured at fair value through other comprehensive income (FVTOCI); and
- other financial assets, including onlendings by QTC, securities and derivatives, are recorded at fair value through profit or loss;

– Financial liabilities;

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

– Non-financial assets;

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

– Non-financial liabilities

- provisions in relation to superannuation, WorkCover, National Injury Insurance Scheme Queensland, motor vehicle accidents, Queensland Government Insurance Fund, the national Redress Scheme and the Queensland Government Long Service Leave Central Scheme are based on actuarial valuations, measured at the present value of the estimate of the expenditure required to settle the present obligation at the reporting date. Refer Notes 36 and 38; and
- Service concession liabilities in relation to GORTOs are valued at amortised cost.

(i) Business combinations

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

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

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

(j) Commonwealth taxation and income tax equivalents

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

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

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.

1. Basis of financial statements preparation continued

(k) Classification

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

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

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

(l) Key GFS technical terms

ABS GFS Manual

The ABS GFS Manual refers to the ABS publication *Australian System of Government Finance Statistics: Concepts, Sources and Methods 2015* as updated from time to time.

Cash surplus/(deficit)

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

Convergence differences

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

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

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

Financial asset

A financial asset is any asset that is:

– cash;

– an equity instrument of another entity;

– a contractual right:

  (a) to receive cash or another financial asset from another entity; or

  (b) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity; or

– a contract that will or may be settled in the entity's own equity instruments and is:

  (a) a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or

  (b) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

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.)

1. Basis of financial statements preparation continued

(l) Key GFS technical terms continued

Fiscal balance

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

Net operating balance

This is calculated as income from transactions less expenses from transactions, based on the definition in the

ABS GFS Manual.

Net worth

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

Non-profit institution

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

Non-financial assets

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

Operating result

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

Other economic flows

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

(m) Significant financial impacts from the COVID-19 pandemic

The outbreak of the novel coronavirus disease (COVID-19) was declared by the World Health Organisation as a global pandemic on 11 March 2020. The Queensland Government has implemented measures to support Queenslanders' health, jobs and businesses in response to the COVID-19 pandemic and the resulting global economic downturn.

The pandemic has had significant financial impacts on the State in 2020-21 through health responses, economic stimulus packages and reductions in revenue. Major impacts are summarised below.

Additional expenditure incurred

- The cost of health services increased by $533 million (2020: $347 million) from COVID-19 specific expenses, which are included in employee expenses in Note 9 and/or supplies and services in Note 11. As per below, additional funding has been received from the Australian Government. Refer Note 4.
- The State incurred $180 million (2020: $25 million) in hotel quarantine costs and $66 million (2020: $22 million) in additional policing costs.
- The State incurred expenses on the following COVID-19 response, recovery and support programs. These expenses are included across Notes 9, 11 and 14.
  - $173 million for the Small Business COVID-19 Adaption Grants Scheme
  - $139 million on the COVID Works for Queensland (W4Q) Program
  - $37 million for COVID-19 Safe Active Restart Recovery
  - $29 million for the Unite and Recover Community Stimulus Package
  - $25 million for Queensland Tourism Icons Program 2020
  - $19 million for the COVID-19 Taxi and Limousine Industry Assistance Scheme
  - $17 million for the Growing Tourism Infrastructure Fund
  - $11 million (2020: $404 million) in rebates under the Household Utility Assistance Package
  - $7 million (2020: $86 million) in rebates under the Power Bill Relief Package

1. Basis of financial statements preparation continued

(m) Significant financial impacts from the COVID-19 pandemic continued

Additional expenditure incurred continued

– In addition to the above, the State incurred over $42 million in other grants and rebates in support of Queensland's tourism industry.

– The State provided $38 million (2020: $393 million) in payroll tax refunds for 2 months and $19 million (2020: $71 million) in land tax rebates of 25% on eligible properties, included in recurrent grants in Note 14.

Income lost or foregone

– Revenue foregone by the State includes $260 million (2020: $234 million) of payroll tax as a result of payroll tax holidays offered during 2020-21 and 2019-20, and the exclusion of JobKeeper payments for payroll tax; $55 million in land tax from reducing land tax liabilities by 25% for the 2020-21 and 2019-20 assessment years; and $158 million of land tax in 2019-20 due to a waiver of 2% land tax surcharge for foreign entities. These are in addition to the payroll tax refunds and land tax rebates mentioned above. Refer to Note 3.

– Fare revenue earned by the Department of Transport and Main Roads is estimated to be $173 million (2020: $88 million) lower than expected due to reduced passenger transport patronage. Refer to Note 5.

– $18 million (2020: $47 million) revenue was lost on various events, exhibitions, courses and programs that were cancelled due to the pandemic.

– The State provided $92 million (2020: $28 million) in rent relief and other waived fees. Refer to Note 5.

Impacts on the State's assets

– $926 million of concessional COVID-19 Jobs Support Loans, issued through the Queensland Rural and Industry Development Authority, remain outstanding as at 30 June 2021 (2020: $928 million). The State recorded a $4 million (2020: $185 million) fair value loss on recognition and an impairment reversal gain of $9 million (2020: impairment loss of $103 million) on these loans. Refer to Note 23(e).

– In 2020-21, the State through Queensland Treasury Corporation provided Industry Support Package loans to assist industry and businesses through COVID-19. $36.5 million of the loans remain outstanding as of 30 June 2021 and are included in Onlendings in Note 23(c).

– The COVID-19 pandemic's repercussions on the global economy and financial markets have materially impacted the values of the State's investments. In 2020-21, many investments have seen a recovery of value lost during 2019-20. However, the movements specifically attributable to COVID-19 cannot be reliably quantified. The State's investments are disclosed in Note 24.

– As at 30 June 2021, the State is holding an additional approximately $90 million of inventories of medical supplies and drugs to mitigate potential supply chain interruptions from COVID-19.

– The State continues to assist suppliers with the financial impact of the pandemic by ordering Government agencies to pay suppliers as soon as possible after the goods or services are received and following receipt of a tax invoice.

– The State Penalties Enforcement Registry ceased enforcement action for outstanding fees and fines from 19 March 2020 to 31 August 2020. There were no new driver licence suspensions, fine collections from wages or bank accounts, vehicle immobilisations or seizures of property during that period.

– Certain tax receivables recognised at 30 June 2021 are deferred from collection until future dates. This includes $667 million (2020: $428 million) of payroll tax, $85 million (2020: nil) of land tax and $25 million (2020: $49 million) of gaming machine tax. Tax receivables are reported in Note 23(a).

Impacts on the State's debt

– The State's overall debt has increased significantly as a result of the additional expenses and lost revenue arising from the pandemic. However, the amount of the increase that is specifically attributable to COVID-19 cannot be reliably quantified. The State's debt is disclosed in Note 37.

The COVID-19 pandemic is an ongoing event and, as of the time of preparation of these financial statements, some states and territories are imposing lockdowns to contain increasing numbers of Delta variant cases. There will be further significant financial impacts from the pandemic in the 2021-22 financial year.

2. Disaggregated information

Operating Statement

	General Government*		Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2021 $M	2020 $M	2021 $M	2020 $M	2021 $M	2020 $M	2021 $M	2020 $M	2021 $M	2020 $M
Continuing Operations										
Revenue from Transactions										
Taxation revenue	16,249	14,585	-	-	-	-	(451)	(439)	15,798	14,146
Grants revenue	33,013	27,645	615	646	-	1	(718)	(717)	32,910	27,575
Sales of goods and services	6,063	5,618	12,199	12,359	2,462	2,429	(2,975)	(2,732)	17,749	17,674
Interest income	1,948	2,088	65	87	3,679	3,398	(4,464)	(4,626)	1,228	948
Dividend and income tax equivalent income	1,310	1,926	15	14	-	-	(1,311)	(1,926)	15	14
Other revenue	4,148	5,915	345	482	134	76	(17)	(48)	4,611	6,425
Total Revenue from Transactions	**62,732**	**57,778**	**13,240**	**13,589**	**6,276**	**5,904**	**(9,936)**	**(10,488)**	**72,311**	**66,782**
Expenses from Transactions										
Employee expenses	26,501	25,662	2,123	2,087	366	371	(436)	(409)	28,554	27,712
Superannuation expenses	3,319	3,537	247	232	26	26	-	-	3,591	3,795
Other operating expenses	16,335	17,085	4,895	5,129	3,023	2,992	(2,629)	(2,456)	21,625	22,750
Depreciation and amortisation	4,187	4,033	2,640	2,719	30	28	-	-	6,857	6,780
Other interest expenses	1,619	1,486	1,691	1,776	5,337	5,564	(4,825)	(4,959)	3,821	3,868
Grants expenses	11,709	11,702	24	(19)	110	103	(718)	(717)	11,125	11,068
Other property expenses	-	-	457	736	40	31	(497)	(767)	-	-
Total Expenses from Transactions	**63,669**	**63,505**	**12,078**	**12,661**	**8,931**	**9,115**	**(9,106)**	**(9,308)**	**75,573**	**75,973**
Net Operating Balance from Continuing Operations	**(937)**	**(5,728)**	**1,162**	**928**	**(2,656)**	**(3,211)**	**(831)**	**(1,180)**	**(3,262)**	**(9,191)**
Other Economic Flows - Included in Operating Result										
Gains/(losses) on sale of assets/settlement of liabilities	8,004	(24)	6	21	425	918	-	-	8,434	914
Revaluation increments/(decrements) and impairment (losses)/reversals	2,700	(3,395)	(384)	(1,641)	2,949	1,867	-	-	5,265	(3,170)
Asset write-downs	(228)	(255)	(12)	(4)	(12)	(8)	-	-	(252)	(267)
Actuarial adjustments to liabilities	(1,318)	(411)	-	-	91	47	-	-	(1,227)	(364)
Deferred income tax equivalents	31	(809)	12	608	(42)	200	-	-	-	-
Dividends and tax equivalents treated as capital returns	449	74	-	-	-	-	(449)	(74)	-	-
Other	150	(105)	(88)	92	(509)	(521)	3,301	(1,459)	2,854	(1,992)
Total Other Economic Flows - Included in Operating Result	**9,787**	**(4,925)**	**(466)**	**(924)**	**2,900**	**2,503**	**2,852**	**(1,533)**	**15,074**	**(4,879)**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Operating Statement continued

	*General Government**		*Public Non-financial Corporations**		*Public Financial Corporations**		*Consolidation Adjustments*		*Total State*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Operating Result from Continuing Operations	**8,850**	**(10,653)**	**696**	**4**	**245**	**(709)**	**2,021**	**(2,713)**	**11,812**	**(14,070)**
Other Economic Flows - Other Movements in Equity										
Adjustments to opening balances	-	1,508	-	(23)	-	(34)	-	56	-	1,508
Revaluations	5,212	4,024	(34)	216	(5)	5	378	1,738	5,551	5,983
Other	(82)	-	-	-	-	-	-	-	(82)	-
Total Other Economic Flows - Other Movements in Equity	**5,129**	**5,532**	**(34)**	**193**	**(5)**	**(29)**	**378**	**1,795**	**5,468**	**7,491**
Comprehensive Result/Total Change in Net Worth	**13,979**	**(5,121)**	**662**	**197**	**240**	**(738)**	**2,399**	**(918)**	**17,280**	**(6,579)**
Transactions With Owners In Their Capacity as Owners										
Ordinary dividends provided or paid	-	-	(735)	(1,086)	(95)	(94)	831	1,180	-	-
Dividends treated as capital returns paid or provided	-	-	(449)	(74)	-	-	449	74	-	-
Equity injections/(withdrawals)	-	-	187	358	50	-	(237)	(358)	-	-
Total Transactions With Owners In Their Capacity as Owners	**-**	**-**	**(998)**	**(802)**	**(45)**	**(94)**	**1,043**	**897**	**-**	**-**
Total Change In Net Worth	**13,979**	**(5,121)**	**(336)**	**(605)**	**195**	**(832)**	**3,442**	**(22)**	**17,280**	**(6,579)**
KEY FISCAL AGGREGATES										
Net Operating Balance	**(937)**	**(5,728)**	**1,162**	**928**	**(2,656)**	**(3,211)**	**(831)**	**(1,180)**	**(3,262)**	**(9,191)**
Net Acquisition/(Disposal) of Non-Financial Assets										
Purchases of non-financial assets	6,835	6,306	3,157	3,156	15	17	15	19	10,022	9,498
Less Sales of non-financial assets	216	230	69	34	2	-	(12)	-	274	264
Less Depreciation	4,187	4,033	2,640	2,719	30	28	-	-	6,857	6,780
Plus Change in inventories	46	112	-	50	-	-	-	-	46	161
Plus Other movement in non-financial assets	1,599	1,282	77	170	11	4	-	-	1,688	1,456
Equals **Total Net Acquisition/(Disposal) of Non-Financial Assets**	**4,077**	**3,436**	**525**	**623**	**(6)**	**(7)**	**27**	**19**	**4,624**	**4,072**

* See Note 1(c) for explanation of sectors

2. **Disaggregated information** continued

Balance Sheet

	*General Government**		*Public Non-financial Corporations**		*Public Financial Corporations**		*Consolidation Adjustments*		*Total State*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Assets										
Financial Assets										
Cash and deposits	1,072	1,205	1,159	889	11,908	2,604	(1,717)	(1,654)	12,423	3,045
Receivables and loans										
Receivables	5,521	4,483	1,829	1,505	370	321	(1,024)	(1,509)	6,696	4,800
Advances paid	1,339	1,278	1,135	1,491	-	-	(1,140)	(1,497)	1,334	1,272
Loans paid	375	383	140	112	104,667	98,389	(93,815)	(87,679)	11,367	11,205
Securities other than shares	41,366	29,195	1,205	1,675	61,981	56,301	(37,815)	(26,217)	66,738	60,954
Shares and other equity investments										
Investments in public sector entities	21,429	21,570	-	-	-	-	(21,429)	(21,570)	-	-
Investments in other entities	6	6	-	270	-	-	-	-	6	276
Investments accounted for using the equity method	159	156	7	9	-	-	-	-	166	166
Total Financial Assets	**71,267**	**58,277**	**5,474**	**5,951**	**178,927**	**157,615**	**(156,939)**	**(140,125)**	**98,729**	**81,718**
Non-Financial Assets										
Inventories	725	677	731	726	-	-	-	-	1,456	1,403
Assets held for sale	172	159	3	15	-	-	-	-	176	175
Investment properties	348	340	326	314	-	-	-	-	675	654
Property, plant and equipment	230,962	221,065	62,330	61,931	123	136	(1)	(1)	293,414	283,131
Intangibles	953	828	935	807	28	29	-	-	1,915	1,664
Service concession assets - GORTO	9,939	10,030	-	-	-	-	-	-	9,939	10,030
Deferred tax asset	6,549	6,121	1,535	908	108	167	(8,192)	(7,196)	-	-
Other non-financial assets	815	764	208	211	11	15	(82)	(75)	952	916
Total Non-Financial Assets	**250,464**	**239,984**	**66,068**	**64,912**	**270**	**347**	**(8,275)**	**(7,271)**	**308,528**	**297,973**
Total Assets	**321,731**	**298,262**	**71,543**	**70,863**	**179,197**	**157,963**	**(165,214)**	**(147,397)**	**407,257**	**379,691**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Balance Sheet continued

	*General Government**		*Public Non-financial Corporations**		*Public Financial Corporations**		*Consolidation Adjustments*		*Total State*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Liabilities										
Payables	4,725	5,683	2,304	2,210	139	245	(946)	(1,439)	6,223	6,700
Employee benefit obligations										
Superannuation liability	27,322	27,800	(273)	(152)	-	-	-	-	27,049	27,648
Other employee benefits	8,914	8,327	963	917	152	115	-	-	10,029	9,359
Deposits held	-	-	12	13	8,104	8,826	(1,717)	(1,654)	6,399	7,185
Advances received	1,435	1,845	5	6	-	-	(1,140)	(1,497)	300	354
Borrowing with QTC	46,153	37,570	39,747	38,894	-	-	(85,901)	(76,464)	-	-
Leases and other loans	7,705	6,485	454	492	447	405	-	-	8,605	7,383
Securities and derivatives	220	198	1,357	1,313	160,436	139,739	(37,824)	(26,224)	124,189	115,025
Deferred tax liability	1,642	1,074	6,530	6,091	19	29	(8,192)	(7,195)	-	-
Provisions	5,368	4,843	999	1,299	7,078	5,956	(69)	(64)	13,376	12,034
Service concession liabilities - GORTO	7,633	7,867	-	-	-	-	-	-	7,633	7,867
Other liabilities	990	925	790	791	47	68	(82)	(76)	1,744	1,708
Total Liabilities	**112,106**	**102,616**	**52,888**	**51,872**	**176,422**	**155,383**	**(135,870)**	**(114,611)**	**205,547**	**195,261**
Net Assets	**209,625**	**195,646**	**18,655**	**18,991**	**2,775**	**2,580**	**(29,344)**	**(32,786)**	**201,710**	**184,430**
Net Worth										
Contributed equity	-	-	8,824	8,638	690	640	(9,514)	(9,278)	-	-
Accumulated surplus	87,388	78,590	(1,178)	(909)	696	658	(8,017)	(11,318)	78,889	67,021
Reserves	122,237	117,056	11,008	11,262	1,389	1,282	(11,813)	(12,191)	122,821	117,409
Total Net Worth	**209,625**	**195,646**	**18,655**	**18,991**	**2,775**	**2,580**	**(29,344)**	**(32,786)**	**201,710**	**184,430**
KEY FISCAL AGGREGATES										
Net Financial Worth	(40,839)	(44,339)	(47,414)	(45,922)	2,505	2,233	(21,069)	(25,515)	(106,818)	(113,542)
Net Financial Liabilities	62,268	65,908	NA	NA	NA	NA	NA	NA	106,818	113,542
Net Debt	11,360	14,036	37,936	36,550	(9,569)	(8,325)	7,905	11,209	47,632	53,470

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Cashflow Statement

	General Government*		Public Non-financial Corporations*		Public Financial Corporations*		Consolidation Adjustments		Total State	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	$M	$M	$M	$M	$M	$M	$M	$M	$M	$M
Cash Flows from Operating Activities										
Cash received										
Taxes received	15,882	13,870	-	-	-	-	(441)	(410)	15,441	13,460
Grants and subsidies received	31,226	28,845	614	643	-	1	(718)	(714)	31,123	28,775
Sales of goods and services	6,217	6,055	13,555	14,582	2,630	2,667	(2,985)	(2,766)	19,417	20,538
Interest receipts	2,077	2,009	66	88	3,679	3,398	(4,600)	(4,550)	1,222	945
Dividends and income tax equivalents	1,673	2,756	15	14	-	-	(1,674)	(2,756)	15	14
Other receipts	5,745	7,505	182	376	145	140	(36)	15	6,037	8,036
	62,820	**61,039**	**14,433**	**15,704**	**6,454**	**6,206**	**(10,452)**	**(11,180)**	**73,255**	**71,769**
Cash paid										
Payments for employees	(30,320)	(29,335)	(2,295)	(2,219)	(354)	(420)	441	409	(32,529)	(31,564)
Payments for goods and services	(19,002)	(19,461)	(5,931)	(6,306)	(1,844)	(1,764)	2,683	2,460	(24,094)	(25,072)
Grants and subsidies paid	(11,709)	(10,928)	(24)	(263)	(110)	(103)	716	714	(11,128)	(10,580)
Interest paid	(1,568)	(1,460)	(1,684)	(1,771)	(5,471)	(5,462)	4,946	4,853	(3,778)	(3,840)
Other payments	(2)	(8)	(1,002)	(1,472)	(224)	(182)	523	866	(705)	(796)
	(62,601)	**(61,192)**	**(10,936)**	**(12,030)**	**(8,004)**	**(7,931)**	**9,308**	**9,301**	**(72,233)**	**(71,852)**
Net Cash Flows from Operating Activities	**219**	**(152)**	**3,497**	**3,673**	**(1,550)**	**(1,725)**	**(1,144)**	**(1,879)**	**1,022**	**(83)**
Cash Flows from Investing Activities										
Non-Financial Assets										
Purchases of non-financial assets	(6,835)	(6,306)	(3,157)	(3,156)	(15)	(17)	(15)	(19)	(10,022)	(9,498)
Sales of non-financial assets	216	230	69	34	2	-	(12)	-	274	264
	(6,619)	**(6,076)**	**(3,088)**	**(3,122)**	**(13)**	**(17)**	**(27)**	**(19)**	**(9,748)**	**(9,234)**
Financial Assets (Policy Purposes)										
Equity acquisitions	(242)	(100)	1	-	-	-	242	100	1	-
Equity disposals	223	76	(96)	(74)	-	-	(147)	-	(20)	2
Advances and concessional loans paid	(257)	(1,102)	(1,621)	(2,603)	-	-	1,621	2,604	(257)	(1,101)
Advances and concessional loans received	243	184	1,978	3,384	-	-	(1,979)	(3,385)	242	183
	(33)	**(941)**	**262**	**707**	**-**	**-**	**(262)**	**(682)**	**(34)**	**(916)**
Financial Assets (Liquidity Purposes)										
Purchases of investments	(15,656)	(2,358)	(65)	(35)	(38,086)	(43,864)	12,400	2,029	(41,408)	(44,227)
Sales of investments	12,143	6,736	75	5	40,286	40,905	(3,455)	(2,049)	49,050	45,598
	(3,513)	**4,378**	**10**	**(29)**	**2,200**	**(2,959)**	**8,945**	**(19)**	**7,642**	**1,371**
Net Cash Flows from Investing Activities	**(10,165)**	**(2,639)**	**(2,816)**	**(2,444)**	**2,187**	**(2,976)**	**8,655**	**(721)**	**(2,139)**	**(8,780)**

* See Note 1(c) for explanation of sectors

2. Disaggregated information continued

Cashflow Statement continued

	*General Government **		*Public Non-financial Corporations **		*Public Financial Corporations **		*Consolidation Adjustments*		*Total State*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Cash Flows from Financing Activities										
Advances received (net)	(411)	(847)	(1)	5	-	-	357	778	(55)	(64)
Proceeds of borrowing (net)	10,225	2,975	806	733	(12,176)	(5,203)	9	1	(1,137)	(1,494)
Dividends paid (net)	-	-	(1,071)	(1,799)	(94)	(109)	1,165	1,907	-	-
Deposits received (net)	(1)	-	(1)	(1)	(721)	1,652	(63)	300	(785)	1,951
Other financing (net)	-	-	(144)	19	21,658	9,291	(9,042)	(87)	12,472	9,223
Net Cash Flows from Financing Activities	**9,813**	**2,128**	**(411)**	**(1,043)**	**8,667**	**5,631**	**(7,574)**	**2,900**	**10,495**	**9,617**
Net Increase/(Decrease) in Cash and Deposits Held	**(133)**	**(663)**	**270**	**186**	**9,304**	**931**	**(63)**	**300**	**9,378**	**754**
Cash and deposits at the beginning of the financial year	1,205	1,868	889	704	2,604	1,674	(1,654)	(1,954)	3,045	2,291
Cash and Cash Equivalents Held at the End of the Financial Year	**1,072**	**1,205**	**1,159**	**890**	**11,908**	**2,604**	**(1,717)**	**(1,654)**	**12,423**	**3,045**
KEY FISCAL AGGREGATES										
Net Cash from Operating Activities	219	(152)	3,497	3,673	(1,550)	(1,725)	(1,144)	(1,879)	1,022	(83)
Net Cash Flow from Investments in Non-Financial Assets	(6,619)	(6,076)	(3,088)	(3,122)	(13)	(17)	(27)	(19)	(9,748)	(9,234)
Dividends Paid	-	-	(1,071)	(1,799)	(94)	(109)	1,165	1,907	-	-
CASH SURPLUS/(DEFICIT)	**(6,401)**	**(6,228)**	**(662)**	**(1,247)**	**(1,658)**	**(1,851)**	**(6)**	**9**	**(8,726)**	**(9,317)**
Derivation of ABS GFS Cash Surplus/Deficit										
Cash surplus/(deficit)	(6,401)	(6,228)	(662)	(1,247)	(1,658)	(1,851)	(6)	9	(8,726)	(9,317)
Acquisitions under finance leases and similar arrangements	(1,547)	(1,263)	(18)	(54)	(11)	(4)	-	-	(1,576)	(1,320)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(7,948)**	**(7,491)**	**(680)**	**(1,301)**	**(1,669)**	**(1,854)**	**(6)**	**9**	**(10,303)**	**(10,638)**

* See Note 1(c) for explanation of sectors

3. Taxation revenue

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Stamp duties				
Transfer	3,954	3,041	3,954	3,024
Motor vehicles	662	533	662	533
Insurance	1,095	1,016	1,095	1,016
Other duties	31	34	31	34
	5,742	4,624	5,742	4,607
Payroll tax	4,166	4,211	4,034	4,086
Vehicle registration fees	2,011	1,910	2,009	1,908
Gaming taxes and levies	1,586	1,258	1,586	1,258
Land tax	1,524	1,406	1,499	1,382
Fire levy	581	562	581	562
Guarantee fees	292	272	-	-
Other taxes	348	341	348	341
	16,249	**14,585**	**15,798**	**14,146**

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

– the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably;

– the assessment is raised by the self-assessor (a person who lodges transactions online); and/or

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

4. Grants revenue

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Commonwealth				
General purpose payments				
GST revenue grants	15,419	12,761	15,419	12,761
Other general purpose payments	37	34	37	35
Specific purpose payments	9,848	8,758	9,851	8,760
National partnership payments	3,663	2,064	3,663	2,064
Grants for on-passing to non-Queensland Government entities	3,682	3,658	3,682	3,658
	32,649	27,274	32,652	27,278
Other				
Other grants	228	236	119	134
Industry/community contributions	136	135	139	163
	364	370	257	296
	33,013	**27,645**	**32,910**	**27,575**

Commonwealth and other grants are recognised as revenue when the State obtains control over the grant, usually upon receipt. Where the grant is enforceable and contains sufficiently specific performance obligations for the State to transfer goods or services, revenue is recognised as and when the obligations are satisfied.

Specific purpose payments include $4.7 billion (2020: $4.4 billion) of activity based funding for health services received from the Australian Government's National Health Funding Pool. This funding is assessed as sufficiently specific and enforceable and is classified as revenue from contracts with customers. Substantially all of the performance obligations under this funding contract are satisfied in the same financial year that the funding is received, through health services delivered by Queensland Health. A contract liability of $58 million (2020: $48 million) is recognised at year end reflecting unfulfilled performance obligations, included in unearned revenue in Note 39. The State does not have other material grants revenue that are revenue from contracts with customers.

5. Sales of goods and services

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
User charges				
Sale of goods and services	3,868	3,460	15,056	15,032
Rental income	533	583	595	646
Other sales of goods and services	2	1	2	1
	4,403	4,044	15,652	15,679
Fees				
Transport and other licences and permits	854	837	854	837
Other regulatory fees	807	738	1,243	1,159
	1,661	1,574	2,097	1,996
	6,063	**5,618**	**17,749**	**17,674**

Revenue from sales of goods and services and licences are recognised when the State satisfies performance obligations for the transfer of goods or services to the customer. When revenue has been received in advance for services or works still to be completed at balance date, this revenue is considered to be unearned and is reported in other liabilities (refer Note 39).

Sales of goods and services includes revenue from contracts with customers totalling $5.3 billion (2020: $4.9 billion) for the GGS and $15.3 billion (2020: $15.1 billion) for the TSS. Below are details about the nature and timing of the satisfaction of performance obligations and related revenue recognition policies for the State's major types of revenue from contracts with customers.

Electricity supply and distribution

– Electricity wholesale revenue is recognised at a point in time when the electricity is dispatched to the National Electricity Market. Retail sales revenue is recognised either at a point in time when the electricity is dispatched to the customer or over time where there are a series of performance obligations in the contract. Progress is measured based on units of electricity delivered.

– Network tariffs revenue is recognised over time as customers are provided with access to the network and simultaneously receive and consume energy delivered to their premises.

– Payment terms are usually 10 business days.

Other

– Fare revenue and grid sales revenue are recognised as the services are provided to the customer and the performance obligations are met.

– Revenue from bulk water sales to distributor retailers is recognised monthly based on the actual megalitres supplied to the grid customer during the calendar month.

– Port cargo handling charges are recognised over time based on tonnage processed and payment is generally due upon completion of cargo handling services. To the extent that customers carry forward unused take-or- pay, revenue is deferred until such time that the tonnes have been utilised by the customers.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Revenue from regulatory fees is recognised when the taxable event giving rise to the receivable occurs.

6. Interest income

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Interest on fixed rate notes	1,865	1,825	-	-
Distributions from managed funds	157	70	481	362
Other interest	(74)	194	747	585
	1,948	**2,088**	**1,228**	**948**

Other interest is negative in 2021 due to the reversal of an interest accrual resulting from the change in timing of the Assets / Liability Management Portfolio sweep for GGS.

7. Dividend and income tax equivalent income

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Dividends	831	1,180	15	14
Income tax equivalents	480	746	-	-
	1,310	**1,926**	**15**	**14**

For the GGS, dividends from PNFC and PFC sector entities are recorded as revenue from transactions where the dividends are declared out of current profits. Dividends paid out of prior accumulated profits and reserves or from the sale of businesses represent a return of Government's initial equity investment under ABS GFS principles and are disclosed as other economic flows (refer Note 19).

Dividends from the PNFC and PFC sectors are eliminated in the TSS.

8. Other revenue

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Royalties	2,527	4,496	2,515	4,496
Land rents	135	190	136	190
Donations, gifts and services received at below fair value	150	168	157	169
Contributed assets	235	230	295	346
Fines	450	406	450	406
Other	650	426	1,059	817
	4,148	**5,915**	**4,611**	**6,425**

Royalties are recognised when one or more of the following events are satisfied:

– the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably;

– the assessment is raised by the self-assessor (a person who lodges transactions online); and/or

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

Assets received at below fair value, including those received free of charge and that can be measured reliably, are recognised as revenue at their fair value when control over the assets is obtained, normally either on receipt of the assets or on notification that the assets have been secured.

9. Employee expenses

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Salaries and wages	23,272	22,542	25,289	24,519
Annual leave	2,151	2,059	2,322	2,232
Long service leave	611	598	664	668
Workers' compensation	293	275	13	8
Other employee related expenses	173	188	267	285
	26,501	**25,662**	**28,554**	**27,712**

10. Superannuation expenses

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Defined Benefit (refer Note 48 for additional disclosures)				
Current service cost	806	964	837	995
Interest cost	246	354	243	349
	1,052	1,318	1,080	1,343
Accumulation contributions	2,266	2,219	2,511	2,452
	3,319	**3,537**	**3,591**	**3,795**

11. Other operating expenses

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Supplies and services	13,231	12,867	17,753	17,347
Transport service contract	1,913	1,795	-	-
WorkCover Qld and other claims	235	1,242	3,064	4,445
Other expenses	956	1,181	808	958
	16,335	**17,085**	**21,625**	**22,750**
Audit fees charged by the Queensland Audit Office to entities included in these financial statements amounted to:	14	14	19	20

12. Depreciation and amortisation

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Depreciation and amortisation expenses for the financial year were charged in respect of:				
Buildings	1,758	1,652	1,891	1,780
Infrastructure	989	1,013	3,026	3,110
Major plant and equipment	50	45	94	92
Other plant and equipment	605	569	890	873
Heritage and cultural assets	37	39	37	39
ROU assets	552	519	625	590
SCA - non-GORTO	51	63	51	63
Software development	144	133	280	258
Capitalised depreciation expense	-	-	(38)	(25)
	4,187	**4,033**	**6,857**	**6,780**

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

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

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

12. Depreciation and amortisation continued

Right-of-use (ROU) assets are depreciated over the lease term, except where the State expects to obtain ownership of the asset at the end of the lease, in which case depreciation is over the useful life of the underlying asset.

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

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

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

Estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period. Reference should be made to individual agency reports for details of depreciation and amortisation methodologies.

The State has a broad range of property, plant and equipment and estimated useful lives vary widely depending on the agency. The following provides an indication of the average estimated useful lives of the different non-financial asset classes held by the State:

Asset class	***Useful life range***
Property, plant and equipment	
Buildings	up to 80 years
Infrastructure	up to 80 years
Plant and equipment	up to 50 years
Heritage and cultural assets	up to 100 years
ROU assets	Per lease agreement
Intangibles	
Computer software	up to 30 years
Other intangibles (including intellectual property, licences and access rights)	up to 150 years

13. Other interest expenses

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Interest	1,481	1,341	3,690	3,721
Leases and service concession finance charges	104	120	112	128
Other	34	26	18	18
	1,619	**1,486**	**3,821**	**3,868**

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

14. Grants expenses

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Grants - recurrent	8,900	9,278	8,834	9,186
Grants - capital	1,952	1,643	1,908	1,610
Grants to first home owners	183	96	183	96
Personal benefit payments	200	177	200	177
Community service obligations	474	508	-	-
	11,709	**11,702**	**11,125**	**11,068**

Notes to the Financial Statements

15. Gains/(losses) on sale of assets/settlement of liabilities

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Financial assets/settlement of liabilities				
Financial assets at FVTOCI	3	1	3	1
Derivatives	-	-	(767)	158
Other investments/settlement of liabilities	7,992	(16)	9,197	763
	7,995	(14)	8,433	923
Non-financial assets				
Property, plant and equipment	9	(9)	-	(20)
Intangibles and other	-	(1)	1	12
	9	(10)	1	(8)
	8,004	**(24)**	**8,434**	**914**

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

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Revaluation increments/(decrements)				
Financial assets				
Derivatives	(22)	(76)	697	(262)
Fixed rate notes	2,653	(3,109)	-	-
Other investments (mainly managed funds)	74	(99)	4,912	(1,515)
	2,705	(3,284)	5,609	(1,777)
Non-financial assets				
Investment property	1	(14)	6	(15)
Property, plant and equipment	-	-	(18)	(3)
Intangibles and other	-	-	14	(14)
	1	(14)	3	(31)
Self generating and regenerating assets	2	3	2	3
Impairment (losses)/reversals				
Receivables and loans	(2)	(94)	(8)	(152)
Assets held for sale	(5)	(4)	(5)	(6)
Property, plant and equipment	-	-	(336)	(1,198)
Intangible assets	-	(1)	(1)	(9)
	(8)	(99)	(349)	(1,365)
	2,700	**(3,395)**	**5,265**	**(3,170)**

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.

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

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.

Stanwell Corporation Limited's year end valuation assessment of its generation assets has resulted in an impairment of $119 million (2020: $720 million) due to a reduction in the future earning potential of generation assets for the Tarong Precinct.

CS Energy Limited recognised an impairment of assets at its Callide B and C cash generating units of $123 million (2020: $353 million), largely reflecting the forecast cost of rebuilding the damaged Callide C4 Unit.

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 transitioned to full cost recovery, with price path debt to be repaid by 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.

SunWater Limited recognised an impairment loss of $85 million, largely in relation to its Dam Improvement Program which will likely not generate future revenue.

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.

Queensland Rural and Industry Development Authority recognised a $9 million gain on reversal of part of the impairment loss of $103 million made in the prior year on the COVID-19 Jobs Support loans as a result of higher than expected principal repayments and a revision of the loan model. Also refer to Notes 1(m) and 23(e).

17. Asset write-downs

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Bad debts written off not previously impaired	(106)	(154)	(119)	(162)
Inventory write-down (net)	(92)	(79)	(92)	(80)
Other assets written off/scrapped	(30)	(22)	(42)	(26)
	(228)	**(255)**	**(252)**	**(267)**

18. Actuarial adjustments to liabilities

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Long service leave - gains/(losses)	(428)	(477)	(428)	(477)
Insurances and other - gains/(losses)	(890)	66	(799)	113
	(1,318)	**(411)**	**(1,227)**	**(364)**

19. Dividends and tax equivalents treated as capital returns

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 2020-21 or 2019-20.

20. Other economic flows - included in operating result - other

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Net market value interest revenue/(expense)	(13)	-	2,778	(1,980)
Time value adjustments	47	(214)	40	(250)
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method	3	(2)	2	(2)
Onerous contracts expense	-	-	(71)	138
SCA - assets - GORTO depreciation	(134)	(132)	(134)	(132)
SCA - liabilities - GORTO amortisation	233	234	233	234
Other economic flows not elsewhere classified	14	10	7	(1)
	150	**(105)**	**2,854**	**(1,992)**

21. Other economic flows - other movements in equity

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Revaluations				
Revaluations of financial assets - increments/(decrements)				
Financial assets at FVTOCI	(9)	5	(9)	5
Investments in Public Sector entities	(377)	(1,729)	-	-
Cash flow hedges	(209)	192	(716)	658
	(596)	(1,532)	(725)	664
Revaluations of non-financial assets - increments/(decrements)				
Property, plant and equipment	5,890	5,910	6,256	5,738
SCA - GORTO	75	291	75	291
	5,965	6,201	6,331	6,029
Actuarial gain/(loss) on defined benefit superannuation plans	(158)	(645)	(55)	(709)
	5,212	**4,024**	**5,551**	**5,983**
Other				
Equity transfers and adjustments including those from ceased entities	**(82)**	**-**	**(82)**	**-**

Of the above revaluation movements, balances relating to financial assets at fair value through other comprehensive income and cash flow hedges may subsequently be recycled to the Operating Result.

22. Cash and deposits

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Cash	137	179	12,380	3,015
Deposits on call	15	13	43	30
QTC cash funds	920	1,013	-	-
	1,072	**1,205**	**12,423**	**3,045**
Reconciliation to Cash Flow Statement				
Balances per Cash Flow Statement	**1,072**	**1,205**	**12,423**	**3,045**

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

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

23. Receivables and loans

(a) Receivables

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Trade debtors	1,118	937	2,841	2,335
Interest receivable	11	146	11	11
GST input tax credits receivable	304	256	340	289
Dividends and guarantee fees receivable	850	1,180	-	-
Royalties and land rents revenue receivable	26	36	26	36
Taxes receivable	1,344	982	1,339	983
Income tax equivalents receivable	29	45	-	-
Other receivables	2,375	1,443	2,317	1,384
	6,056	5,025	6,874	5,037
Less: Loss allowance	614	613	678	698
	5,442	**4,412**	**6,196**	**4,339**
Non-current				
Trade debtors	26	23	324	318
Other	76	75	203	174
	102	98	528	492
Less: Loss allowance	23	26	28	31
	79	**72**	**500**	**462**
	5,521	**4,483**	**6,696**	**4,800**

23. Receivables and loans continued

(b) Advances paid

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Advances	157	122	157	121
Less: Loss allowance	15	13	15	13
	142	**109**	**141**	**108**
Non-current				
Advances	1,297	1,278	1,294	1,275
Less: Loss allowance	100	109	102	110
	1,197	**1,169**	**1,193**	**1,164**
	1,339	**1,278**	**1,334**	**1,272**

(c) Loans paid

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Finance leases	17	15	19	19
Other loans	20	20	27	20
	37	**35**	**46**	**39**
Non-current				
Onlendings	-	-	10,851	10,710
Finance leases	195	210	296	318
Other loans	145	138	175	138
	340	**348**	**11,322**	**11,166**
Less: Loss allowance	1	-	1	-
	339	**348**	**11,321**	**11,166**
	375	**383**	**11,367**	**11,205**

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. For further details on the State revenue recognition policies, refer to the relevant revenue notes (Notes 3 to 8).

23. Receivables and loans continued

(d) Contractual maturities of lease receivables

Finance lease receivables due:

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Not later than 1 year	20	19	28	28
Later than 1 year but not later than 2 years	18	16	25	24
Later than 2 year but not later than 3 years	18	16	24	24
Later than 3 year but not later than 4 years	17	15	24	23
Later than 4 year but not later than 5 years	23	25	29	32
Later than 5 years	159	160	322	330
	256	251	452	461
Less: Future finance revenue	44	25	136	124
	212	**225**	**316**	**337**

Minimum operating lease receivable not recognised in the financial statements:

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Not later than 1 year	45	33	98	85
Later than 1 year but not later than 2 years	35	35	84	83
Later than 2 year but not later than 3 years	29	31	76	75
Later than 3 year but not later than 4 years	28	28	69	70
Later than 4 year but not later than 5 years	25	27	65	60
Later than 5 years	168	176	825	856
	330	**330**	**1,216**	**1,229**

(e) Impairment of receivables and loans

The loss allowances for receivables reflect lifetime expected credit losses, while the loss allowances for loans and advances reflect either 12-month expected credit losses or lifetime expected credit losses depending on whether there has been a significant increase in credit risk.

Expected credit loss calculations incorporate both historical credit loss data and reasonable and supportable forward-looking information. Forward-looking information includes forecast economic changes expected to impact the State's debtors, along with relevant industry and statistical data where applicable. At the reporting date, the impact of the COVID-19 pandemic is reflected in the forward-looking rates applied in the estimate of credit losses. Some impairment reversals occurred during the year due to improved economic conditions compared to last year.

Loss allowances for receivables are assessed by agencies either individually by debtor or on a collective basis using provision matrices. Where a provision matrix is used, loss rates are determined separately for groupings of customers with similar loss patterns.

Areas of significant credit risk concentrations for the GGS and TSS are unpaid penalties and fines within the State Penalties Enforcement Registry (SPER), COVID-19 Jobs Support Loans issued by the Queensland Rural and Industry Development Authority (QRIDA), and hotel quarantine fee recoveries.

SPER penalties and fines and quarantine fee receivables both exhibit high credit loss rates due to their nature.

The COVID-19 Jobs Support Loans scheme was launched in March 2020. The interest repayment cycle only commenced for these loans on 30 April 2021, with no principal repayments required until April 2023. The loss allowance for COVID-19 Jobs Support Loans is subject to significant estimation uncertainty due to its dependence on data that is not yet observable, the current economic environment, and the nature of the scheme. There is therefore a significant risk of a material adjustment to the carrying amount of the loans within the next financial year. These uncertainties were not resolved by 30 June 2021 as principal repayments do not commence until April 2023.

23. Receivables and loans continued

(e) Impairment of receivables and loans continued

2021

	Gross receivables $M	Average loss rate	Expected credit losses $M	Carrying amount $M
Receivables				
SPER penalties and fines receivable	1,082	27.4%	296	786
Quarantine fee recoveries	137	39.8%	55	82
Other receivables*	6,184	5.7%	355	5,828
	7,402		**706**	**6,696**
Loans and advances paid				
QRIDA COVID-19 Job Support Loans receivable	795	11.9%	95	700
Loans and other advances	656	3.6%	24	634
	1,451		**118**	**1,334**

2020

	Gross receivables $M	Average loss rate	Expected credit losses $M	Carrying amount $M
Receivables				
SPER penalties and fines receivable	1,053	30.5%	322	732
Other receivables	4,476	9.1%	407	4,069
	5,529		**729**	**4,800**
Loans and advances paid				
QRIDA COVID-19 Job Support Loans receivable	756	13.7%	103	652
Loans and other advances	640	3.1%	20	620
	1,396		**123**	**1,272**

* Other receivables include $667 million of payroll tax debts which have been deferred from collection until January 2022 as part of the COVID-19 relief measure – see Note 1(m). A loss rate of 1.2% has been applied to the receivables.

The State typically considers a financial asset to be in default when it is over 90 days past due. However, debts referred to SPER are usually over 90 days past due, and SPER will continue enforcement activity on those debts as long as it is cost effective to do so. A financial asset can also be in default before becoming 90 days past due if information indicates that the State is unlikely to receive the outstanding amounts in full.

Where the State has no reasonable expectation of recovering an amount owed by a debtor, the debt is written off by directly reducing the receivable against the loss allowance. SPER debts are written off in accordance with internal policy guidelines when it becomes unlikely that the debts could be recovered cost-effectively. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

	General Government		*Total State*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*
Loss allowance as at 1 July	761	608	852	658
Amounts written off during the year	(72)	(121)	(98)	(137)
Increase/decrease in allowance recognised in operating result	65	274	70	331
Loss allowance as at 30 June	**754**	**761**	**824**	**852**

24. Securities and shares

(a) Securities other than shares

	General Government		Total State	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current				
Term deposits and other investments held at amortised cost	81	94	202	175
Rental purchase plan	6	6	6	6
Securities/bonds	264	424	2,822	9,641
Fixed rate notes	2,208	3,225	-	-
Investments managed by QIC Limited*	1,920	1,338	7,850	6,942
Derivatives				
Cash flow hedges	-	-	66	349
Other derivatives	-	-	671	685
Other	31	18	3,060	4,340
	4,510	**5,105**	**14,676**	**22,140**
Non-current				
Term deposits and other investments held at amortised cost	111	165	118	173
Rental purchase plan	178	180	178	180
Securities/bonds	-	-	8,942	7,895
Fixed rate notes	35,607	22,991	-	-
Investments managed by QIC Limited*	799	599	41,604	28,786
Derivatives				
Cash flow hedges	-	-	56	240
Other derivatives	-	-	528	620
Other	162	155	635	921
	36,857	**24,091**	**52,061**	**38,814**
	41,366	**29,195**	**66,738**	**60,954**

* Investments managed by QIC Limited were allocated over the following categories:

	Debt Retirement Fund		Total State	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Cash	2,731	-	11,235	7,411
Fixed interest	585	-	6,588	6,204
Global equities	2,117	-	9,596	7,440
Property and infrastructure	1,950	-	11,966	5,651
Other	360	-	10,069	9,022
	7,742	**-**	**49,454**	**35,728**

The Debt Retirement Fund (DRF) is a sub fund of the Queensland Future Fund (QFF). The DRF was established for the purpose of providing funding for reducing the State's debt. Funds invested in the DRF are held for future growth and are offset against state debt to support Queensland's credit rating. In accordance with the *Queensland Future Fund Act 2020* (QFF Act), payments from the DRF may only be made to reduce the State's debt or pay fees or expenses relating to the administration of the fund.

Under Section 10 of the QFF Act, the Treasurer may direct that specific state assets be contributed to the DRF. In June 2021, title registry operations previously performed by the Department of Resources were transferred to Queensland Titles Registry Pty Ltd and 75% of the shares in the new company, valued at $6 billion, were transferred to the DRF. In addition, $1.5 billion from surplus assets held to support the Defined Benefit Scheme and Aurizon shares valued at $206 million were transferred to the DRF in 2020-21.

These assets were transferred to QTC in exchange for a Fixed Rate Note (FRN). QTC then exchanged the assets for units in trusts managed by QIC. Subsequent to the initial contribution, the seed assets were redistributed among the other QIC-managed trusts resulting in the asset allocation shown above.

24. Securities and shares continued

(a) Securities other than shares continued

The remaining 25% of shares in the Queensland Titles Registry Pty Ltd operations held by the Consolidated Fund were transferred in a similar manner to QTC in exchange for an FRN. The returns on this $2 billion investment will be used to support the Path to Treaty Fund, the Carbon Reduction Investment Fund and the Housing Investment Fund.

(b) Investments in public sector entities

	General Government	
	2021	*2020*
	$M	*$M*
General Government Sector investment in public sector entities	**21,429**	**21,570**

The GGS has equity investments in PNFCs and PFCs that are measured at fair value as the Government's proportional share of the carrying amount of net assets of the PNFC and PFC Sector entities on a GAAP basis. Investments in public sector entities on this basis differ from valuations under GFS. Refer to Note 51 for the reconciliation to GFS.

Note 1(c) outlines the functions of the PNFC and PFC Sectors. Refer to Note 50 for a comprehensive list of entities within each sector. Investments in the PNFC and PFC Sectors are eliminated on consolidation of the TSS.

(c) Share investments in other entities that are not controlled or associated

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current				
Shares at fair value through profit or loss	-	-	-	270
Non-current				
Shares at fair value through other comprehensive income	6	6	6	6
	6	**6**	**6**	**276**

Financial assets disclosed above are classified as either financial assets held at amortised cost, financial assets at fair value through other comprehensive income or financial assets at fair value through profit or loss. The carrying amount of financial assets in each of the categories is disclosed in Note 47.

Financial assets at amortised cost

Term deposits are measured at amortised cost as the contractual cash flows represent solely payments of principal and interest, and the State holds the deposits with the objective of collecting all contractual cash flows.

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

Financial assets at FVOCI include equity instruments designated so upon initial recognition and debt instruments whose contractual cash flows represent solely payments of principal and interest and are held with the objective of both collecting contractual cash flows and selling the instruments. Financial assets at FVOCI are valued at fair value at balance date. Unrealised gains and losses are brought to account in equity and included as Other economic flows - other movements in equity on the Operating Statement.

Securities/bonds within GGS 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.

For GGS, controlling investments in other public sector entities (PNFCs and PFCs) are also measured at FVOCI. The State has not disposed of any FVOCI equity investments during this reporting period.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL include instruments designated so upon initial recognition and all other financial assets that are not measured at amortised cost or FVOCI. Financial assets at FVTPL are valued at fair value at balance date. Unrealised gains and losses are brought to account as Other economic flows included in operating result on the Operating Statement.

24. Securities and shares continued

Financial assets at fair value through profit or loss (FVTPL) *continued*

Under Rental Purchase Plan agreements and Pathways Shared Equity program, the State has a proportional interest in the underlying properties and those interests meet the definition of a financial instrument. They are measured at FVTPL with fair value being based on the net market value of the State's proportion of the underlying properties.

For GGS, fixed rate notes held with QTC are measured at FVTPL because the cash flows do not solely represent payments of principal and interest. Fixed rate notes are eliminated on consolidation of the TSS.

Other financial assets at fair value through profit or loss held by the State include 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.

25. Other investments

Other investments 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.

The State has a number of investments in unlisted associated and joint venture entities that are accounted for using the equity method.

The most material of these are the 50% share in the Dumaresq-Barwon Border Rivers Commission and the 25% interest in the Translational Research Institute Trust.

(i) Dumaresq-Barwon Border Rivers Commission is a joint authority constituted by an agreement between the Queensland and New South Wales Governments.

(ii) Translational Research Institute (TRI) Trust is a Discretionary Unit Trust founded by four members, of which Queensland Health is one. Each founding member holds 25 units in the TRI Trust and equal voting rights. The TRI Trust's objectives are to operate and manage the TRI Facility to promote medical study, research and education.

(b) Investments in joint operations

Joint operations are joint arrangements whereby the State has control and rights to the assets and obligations for the liabilities relating to the arrangements. Such arrangements are accounted for in accordance with AASB 11 *Joint Arrangements*. The State recognises its share of jointly held or incurred assets, liabilities, revenue and expenses in the joint operations.

General Government Sector

Joint arrangements are as follows:

Department of State Development, Infrastructure, Local Government and Planning

The Department of State Development, Infrastructure, Local Government 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.

25. Other investments continued

(b) Investments in joint operations continued

General Government Sector continued

Queensland Health

Queensland Health is a partner to the Australian e-Health Research Centre (AEHRC) joint operation under the current agreement which runs to 30 June 2022.

Sunshine Coast Hospital and Health Service

The Sunshine Coast Hospital and Health Service has a 28.9% (2020: 28.9%) interest in the Sunshine Coast Health Institute (SCHI). TAFE Queensland, Griffith University and the University of the Sunshine Coast each have a 23.7% interest in the SCHI. SCHI's primary aims are to advance the education of trainee medical officers, nurses, midwives and other health care professional, while providing outstanding patient care and extending research knowledge.

Metro North Hospital and Health Service

Metro North HHS has joint control over two arrangements, namely Herston Imaging Research Facility (HIRF) and the Oral Health Centre (OHC).

Total State Sector

Joint arrangements for the TSS include the GGS joint arrangements above, as well as the following:

CS Energy Limited

The following are the joint operations in which CS Energy Limited has an interest:

Name of entity	*Principal activity*	*Ownership interest*	
		2021 *%*	*2020* *%*
Callide Power Management Pty Ltd	Joint Operation Manager	50	50
Callide Power Trading Pty Ltd	Electricity Marketing Agent	50	50

CS Energy Limited, has a 50% interest in Callide C Power Station through the unincorporated Callide Power Project Joint Venture and is entitled to 50% of the earnings generated by Alinta Energy Retail Sales Pty Ltd in the residential retail energy market in South East Queensland.

CleanCo Queensland Limited

CleanCo Queensland Limited has a 50% interest in Kogan North Joint Venture operation with the principal activities being exploration and production of gas.

26. Public private partnerships

The State has entered into a number of Public Private Partnerships (PPPs) over time. The accounting treatment of these PPPs varies according to the terms of the arrangements. They may be:

– Directly owned by the State, but partly privately financed;

– Right of use (ROU) assets held through leases and similar arrangements;

– SCA assets and liabilities either GORTO or non-GORTO (refer to note 1(e)).

The purpose of this note is to describe the various arrangements the state has entered into and how and when they are accounted for as well as aggregating the future cash flows the state is committed to under these arrangements.

The following PPPs apply to both the GGS and TSS statements.

Education

(a) South East Queensland schools - Aspire

In April 2009, the State Government entered into a contractual arrangement with Aspire Schools (Qld) Pty Limited (Aspire) to design, construct, maintain and partially finance seven State schools for a period of 30 years on the State's land.

26. Public private partnerships continued

***Education** continued*

(a) South East Queensland schools - Aspire continued

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 pays Aspire abatable, undissected service payments for the operation, maintenance and provision of the schools. At the expiry of the agreement in 2039, the buildings will revert to the State for nil consideration. The land on which the schools are constructed is owned and recognised as an asset of the State.

The fair value of the buildings is recognised as an asset in Note 31 with the corresponding recognition for future payments as a loan liability in Note 37(d).

(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 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 Plenary over the life of the contract. The project period is for 30 years and is expected to end in December 2043.

Construction work commenced in January 2014 and was finalised in January 2019. The State paid a series of capital contributions during the construction phase of the project totalling $190 million. These contribution payments result in lower service payments over the period of the concession.

The fair value of the buildings is recognised as an asset in Note 31 with the corresponding recognition for future payments as a loan liability in Note 37(d).

Employment, Small Business & Training

Southbank Education and Training Precinct

In April 2005, the State Government entered into a contractual arrangement with Axiom Education Queensland Pty Ltd (Axiom) to design, construct, maintain and finance the Southbank Education and Training Precinct for a period of 34 years on State land. This is a social infrastructure arrangement whereby the State pays for the third party use of the asset through regular service payments to Axiom over the life of the contract. The arrangement involved the refurbishment or demolition of existing buildings and the development of new buildings.

Construction work was completed on 31 October 2008. The State pays abatable, undissected service payments to Axiom for the operation, maintenance and provision of the precinct. At the expiry of the agreement in 2039, the buildings will revert to the State for nil consideration. The land on which the facility is constructed is owned by the State.

The fair value of the buildings is recognised as an asset in Note 31 with the corresponding recognition for future payments as a loan liability in Note 37(d).

Queensland Health and Hospital and Health Services (HHSs)

(a) Sunshine Coast University Hospital (SCUH)

In 2012, the State entered into a PPP with Exemplar Health (EH) to finance, design, build and operate the Sunshine Coast University Hospital (SCUH). The 25-year operating phase of the PPP commenced on 16 November 2016, the date of Commercial Acceptance. The fair value of the liability payable to EH for the construction of SCUH was $538 million. 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. EH ensures all infrastructure is fit for use throughout the operating term, but SCHHS operates the facility and manages all healthcare provided. At the end of the 25-year term, the assets will remain in the control of SCHHS. These assets are included in the building asset class in Note 31.

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 in Note 31. 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. The State has unearned revenue from the carpark licence included in Note 39.

26. Public private partnerships continued

Queensland Health and Hospital and Health Services (HHSs) *continued*

(b) Surgical, Treatment and Rehabilitation Service (STARS)

In 2017, the State 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) at Herston. The land on which STARS was developed is owned by the State and leased to Australian Unity for 99 years. The State was contractually obligated to occupy the STARS building upon completion and entered into a lease on 4 November 2020 for an initial 20-year period, with an option to extend this lease by two periods of 10 years. The assets are included as right of use (ROU) assets in Note 31 and the lease liability is included in Note 37(d).

(c) Other public infrastructure facilities

The State Government has entered into a number of other contractual arrangements with private sector entities for the construction and operation of public infrastructure facilities on State land for a period of time. After an agreed period of time, ownership of these facilities will pass to State.

Entity	Facility	Counterparty	Term of Agreement	Commencement Date
Metro North HHS	Butterfield Street car park	International Parking Group Pty Ltd	30 years	January 1998
Metro North HHS	The Prince Charles Hospital car park	International Parking Group Pty Ltd	22 years	November 2000
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	Noosa Privatised Hospital Pty Limited	10 years	July 2020
Townsville HHS	Medilink	Three Islands Pty Ltd	30 years	April 2002
Townsville HHS	Goodstart Early Learning	Three Islands Pty Ltd	32 years	September 2004

The Metro North car parks are not considered SCAs under AASB 1059 and are included in land and buildings in Note 31, with unearned revenue included in Note 39.

The Princess Alexandra Hospital car park is a SCA under AASB 1059 and is included in Note 33 as a GORTO asset.

The SCHHS funds Noosa Hospital Pty Limited for the provision of Combined Services which includes Public Patient Services and Ambulatory Services This is not a SCA under AASB 1059. In the prior year, the previous arrangement with Ramsay HealthCare was treated as a SCA under AASB 1059.

The Medilink and GoodStart Early Learning centres are not controlled by the Townsville HHS and are not included on the Balance Sheet.

(d) Co-location agreements

The State has also entered into a number of contractual arrangements (termed co-location agreements) with private sector entities for the construction and operation of private health facilities for a period of time on State land. After an agreed period, 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.

26. Public private partnerships continued

Queensland Health and Hospital and Health Services (HHSs) *continued*

(d) Co-location agreements continued

Entity	Facility	Counterparty	Term of Agreement	Commencement Date
Metro North HHS	Caboolture Private Hospital	Affinity Health Ltd	25 years	May 1998
Metro North HHS	St Vincent's Private Hospital Northside (formerly known as Holy Spirit Northside Private Hospital)	St Vincent's Private Hospital Northside Ltd	66 years	September 1999
Metro South HHS	Mater Private Hospital Redland	Sisters of Mercy in Queensland	25 years + 30 years	August 1999
Metro South HHS	Translational Research Institute Building	Translational Research Institute Pty Ltd	30 years + 20 years	May 2013
Metro South HHS	University of Queensland Training Facility – Redland Hospital	University of Queensland	20 years	August 2015
Metro South HHS	University of Queensland Training Facility – Queen Elizabeth II Jubilee Hospital	University of Queensland	20 years	September 2015
Gold Coast HHS	Gold Coast Private Hospital	Healthscope Ltd	50 years	March 2016

Transport and Main Roads

(a) Gold Coast Light Rail - G:link (GCLR)

In May 2011, the State 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 is paid monthly performance-based payments for operations, maintenance and repayment of the debt finance used to construct the system. The State receives 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.

The State has begun preparation for the next stage of the Gold Coast Light Rail System to extend the light rail from Broadbeach South Station to Burleigh Heads.

Planning has also begun for Stage 4, a 13km extension south of stage three, linking Burleigh Heads to Coolangatta via the Gold Coast Airport.

The GCLR assets are disclosed as non-GORTO service concession assets in Note 31 and liabilities in Note 37(d).

(b) Toowoomba Second Range Crossing (TSRC)

In August 2015, the State entered into a contractual arrangement with Nexus Infrastructure Consortium to finance, design, build, operate and maintain a range crossing connecting the Warrego Highway at Helidon Spa in the east with the Gore Highway at Athol in the west, via Charlton.

The bypass opened to traffic in September 2019 and toll collection commenced in December 2019, with Transurban Queensland contracted to provide the tolling collection service on behalf of the State.

26. Public private partnerships continued

Transport and Main Roads *continued*

(b) Toowoomba Second Range Crossing (TSRC) continued

The State will make ongoing quarterly service payments over the 25-year operation and maintenance period, which includes repayment of the debt finance used to construct the bypass. Maintenance payments will be expensed during the relevant year.

At the expiry of the concession period, the State will retain ownership of the range crossing.

The TSRC assets are disclosed as non-GORTO service concession assets in Note 31 and liabilities in Note 37(d).

(c) New Generation Rollingstock

In January 2014, the State entered into a 32-year contractual arrangement with NGR Project Company Pty Ltd (Bombardier NGR Consortium) for the design, construction and maintenance of 75 new six car train sets and a new purpose-built maintenance centre. The arrangement will involve the State paying the consortium a series of availability payments over the concession period.

In June 2016, the maintenance centre was accepted by the State. By December 2019, all 75 train sets had been accepted and recognised on the Balance Sheet.

In March 2019, an amendment deed was signed to modify the trains in accordance with the Disability Standards for Accessible Public Transport 2002. Modifications to all 75 trains will be completed by 2024.

At the expiry of the concession period, the State will retain ownership of the trains and the maintenance centre.

The rollingstock assets are disclosed in Note 31 as major plant and equipment and liabilities as other loans in Note 37(d).

(d) Airportlink M7

In June 2008, the State entered into a 45-year SCA with Bris Connections to design, construct and maintain the Airport Link toll road (Airportlink). In April 2016, Transurban Queensland assumed responsibility for Airportlink and now operates Airportlink under the SCA.

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. At the end of the service concession period, Airportlink assets will be transferred at no cost to the State.

Airportlink is disclosed as a GORTO in Note 33.

(e) Gateway and Logan Motorways and Port Drive

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.

An RFA was also established with Port of Brisbane to maintain and manage the Port Drive motorway. The operator obtains indirect benefits from ongoing maintenance through this increased capacity and access to the port precinct.

All the Gateway and Logan Motorways and Port Drive assets and liabilities are disclosed as GORTOs in Note 33.

(f) 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 maintenance and operating phase of the agreement after commencement of operations on 7 May 2001.

26. Public private partnerships continued

***Transport and Main Roads** continued*

(f) Brisbane Airport Rail Link continued

In return for collecting passenger fares, Airtrain must maintain, operate and manage the BARL for the period of the concession and also assume the demand and patronage risk for the concession period. At the end of this period, the agreement provides for Airtrain to transfer the BARL assets at no cost to the State.

The State Government leases airport land from the Brisbane Airport Corporation and sub-leases the land to Airtrain. The State recognises the assets and liabilities associated with the arrangement as GORTOs in Note 33.

Energy and Public Works

(a) Development at 1 William Street Brisbane

1 William Street is a commercial office tower development. Cbus Property was the successful tenderer with a bid of $653 million and on 21 December 2012, the State entered into a sublease pre commitment via a series of transaction documents involving a project deed, development lease, 99-year ground lease and a sub-lease from the developer for 15 years.

The asset is disclosed as a ROU asset in Note 31 and the lease liability is included in Note 37(d).

(b) Queen's Wharf Precinct

On 16 November 2015, the State 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 2021, 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 State announced the companies selected to build one of the key Cross River Rail Project works packages. The Tunnel, Stations and Development (TSD) PPP will be delivered by the Pulse consortium.

The TSD PPP will deliver the underground section of the project, including the tunnel from Dutton Park to Normanby and the construction of four new underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street.

The TSD package reached financial close on 1 July 2019 and is accounted for as a construction contract with a service outsourcing arrangement. The State is contracted to make payments between 2019-20 and 2049-50 covering the capital cost and financing of the TSD component, as well as maintenance.

The asset is included in Note 31 and the liability as other loans in Note 37(d).

The estimated net cash flows resulting from PPPs are reflected below:

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Inflows				
Not later than 1 year	83	78	83	78
Later than 1 year but not later than 5 years	342	343	342	343
Later than 5 years but not later than 10 years	437	447	437	447
Later than 10 years	862	772	862	772
	1,725	**1,640**	**1,725**	**1,640**
Outflows				
Not later than 1 year	(1,545)	(577)	(1,545)	(577)
Later than 1 year but not later than 5 years	(4,318)	(4,229)	(4,318)	(4,229)
Later than 5 years but not later than 10 years	(3,097)	(4,454)	(3,097)	(4,454)
Later than 10 years	(7,438)	(8,782)	(7,438)	(8,782)
	(16,398)	**(18,042)**	**(16,398)**	**(18,042)**
Net Cash Outflows	**(14,673)**	**(16,402)**	**(14,673)**	**(16,402)**

27. Inventories

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Raw materials	20	16	469	450
Work in progress and finished goods	237	175	328	290
Land held for resale	316	340	317	340
Inventories held for distribution	143	132	143	132
Assets formerly held for lease	4	9	4	9
Environmental certificates held for sale/surrender	-	-	102	97
Other	4	4	94	85
	725	**677**	**1,456**	**1,403**

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.

28. Assets held for sale

Assets held for sale are mainly land and buildings.

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.

29. Investment properties

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. Movements in investment properties were not material.

30. Restricted assets

A number of assets included in the consolidated financial statements are classified as restricted assets because their use is wholly or partially restricted by externally imposed requirements. These assets include:

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Rental bond receipts held in managed funds restricted by legislation	960	871	960	871
Funding held for specific assistance programs approved under regulation	253	232	253	232
Cash and property, plant and equipment to be used for other specific purposes	219	217	219	221
	1,432	**1,320**	**1,432**	**1,324**

31. Property, plant and equipment

General Government Sector

	Gross		*Accumulated depreciation/impairment*		*Written down value*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*
Land	102,311	100,134	(8)	(8)	102,303	100,126
Buildings	66,151	62,262	(24,904)	(23,048)	41,247	39,213
Infrastructure	85,972	83,030	(21,445)	(20,870)	64,527	62,160
Major plant and equipment	1,321	1,251	(134)	(66)	1,187	1,185
Other plant and equipment	7,248	7,087	(4,337)	(4,230)	2,912	2,857
Heritage and cultural assets	2,367	2,284	(773)	(728)	1,595	1,557
ROU assets - Buildings	4,439	3,855	(1,059)	(595)	3,380	3,261
ROU assets - Infrastructure and other	254	234	(115)	(83)	139	151
SCA - non-GORTO	2,565	2,885	(272)	(471)	2,293	2,414
Capital work in progress	11,380	8,142	-	-	11,380	8,142
	284,008	**271,165**	**(53,046)**	**(50,100)**	**230,962**	**221,065**

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year	100,126	99,019	39,213	37,133	62,160	57,336	1,185	950
Acquisitions	151	132	790	836	1	-	-	-
Disposals	(71)	(89)	(11)	(7)	(3)	(3)	(5)	-
Revaluation increments/(decrements)	2,102	1,015	1,378	1,148	2,210	3,635	2	8
Depreciation and amortisation	-	-	(1,758)	(1,652)	(989)	(1,013)	(50)	(45)
Net asset transfers	(6)	50	1,635	1,757	1,148	2,204	56	272
Carrying amount at end of year	**102,303**	**100,126**	**41,247**	**39,213**	**64,527**	**62,160**	**1,187**	**1,185**

31. Property, plant and equipment continued

General Government Sector continued

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below continued:

	Other Plant and equipment		*Heritage and cultural assets*		*ROU assets Buildings*		*ROU assets Infrastructure and other*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year	2,857	2,818	1,557	1,524	3,261	3,915	151	159
Acquisitions	439	390	2	3	479	36	1,068	1,227
Disposals	(10)	(18)	-	-	(1)	(2)	-	-
Revaluation increments/(decrements)	(1)	(1)	59	60	5	145	2	2
Depreciation and amortisation	(605)	(569)	(37)	(39)	(515)	(483)	(37)	(37)
Net asset transfers	232	236	14	8	150	(350)	(1,045)	(1,200)
Carrying amount at end of year	**2,912**	**2,857**	**1,595**	**1,557**	**3,380**	**3,261**	**139**	**151**

	SCA - non-GORTO		*Capital work in progress*		*Total*	
	2021	*2020*	*2021*	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year	2,414	1,827	8,142	6,975	**221,065**	**211,657**
Acquisitions	-	-	5,281	4,750	**8,212**	**7,373**
Disposals	-	-	(4)	(5)	**(105)**	**(124)**
Revaluation increments/(decrements)	131	15	-	-	**5,888**	**6,027**
Depreciation and amortisation	(51)	(63)	-	-	**(4,043)**	**(3,901)**
Net asset transfers	(200)	635	(2,039)	(3,578)	**(55)**	**33**
Carrying amount at end of year	**2,293**	**2,414**	**11,380**	**8,142**	**230,962**	**221,065**

31. **Property, plant and equipment** continued

Total State Sector

	Gross		*Accumulated depreciation/impairment*		*Written down value*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Land	104,779	102,572	(70)	(57)	104,709	102,515
Buildings	70,242	66,180	(26,928)	(24,924)	43,314	41,256
Infrastructure	173,390	169,203	(56,013)	(53,739)	117,377	115,464
Major plant and equipment	3,032	2,811	(885)	(880)	2,147	1,931
Other plant and equipment	12,334	12,031	(7,503)	(7,387)	4,831	4,645
Heritage and cultural assets	2,368	2,285	(773)	(728)	1,596	1,558
ROU assets - Buildings	5,026	4,428	(1,220)	(698)	3,806	3,731
ROU assets - Infrastructure and other	317	292	(147)	(111)	170	182
SCA - non-GORTO	2,565	2,885	(272)	(471)	2,293	2,414
Capital work in progress	13,171	9,437	-	-	13,171	9,437
	387,225	**372,125**	**(93,811)**	**(88,993)**	**293,414**	**283,131**

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below:

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	102,515	101,273	41,256	38,960	115,464	111,838	1,931	1,745
Acquisitions	153	139	790	837	68	254	-	-
Disposals	(74)	(94)	(14)	(9)	(41)	(22)	-	-
Revaluation increments/(decrements)	2,133	1,097	1,487	1,157	2,240	3,440	201	(21)
Impairment (losses)/reversals	(13)	(12)	(10)	(16)	(210)	(933)	-	-
Depreciation and amortisation	-	-	(1,891)	(1,780)	(3,026)	(3,110)	(94)	(92)
Net asset transfers	(4)	110	1,695	2,105	2,881	3,996	110	299
Carrying amount at end of year	**104,709**	**102,515**	**43,314**	**41,256**	**117,377**	**115,464**	**2,147**	**1,931**

31. Property, plant and equipment continued

Total State Sector continued

Reconciliations of the carrying amount for each class of property, plant and equipment are set out below continued**:**

	Other Plant and equipment		*Heritage and cultural assets*		*ROU assets Buildings*		*ROU assets Infrastructure and other*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	4,645	4,765	1,558	1,525	3,731	4,330	182	185
Acquisitions	503	445	2	3	500	83	1,076	1,238
Disposals	(27)	(37)	-	-	(1)	(2)	-	-
Revaluation increments/(decrements)	(3)	(2)	59	60	4	161	1	2
Impairment (losses)/reversals	(51)	(148)	-	-	-	-	-	-
Depreciation and amortisation	(890)	(873)	(37)	(39)	(581)	(547)	(44)	(43)
Net asset transfers	654	496	14	8	153	(294)	(1,045)	(1,200)
Carrying amount at end of year	**4,831**	**4,645**	**1,596**	**1,558**	**3,806**	**3,731**	**170**	**182**

	SCA - non-GORTO		*Capital work in progress*		**Total**	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	2,414	1,827	9,437	7,806	**283,131**	**274,255**
Acquisitions	-	-	8,109	7,360	**11,202**	**10,359**
Disposals	-	-	(4)	(5)	**(160)**	**(168)**
Revaluation increments/(decrements)	131	15	-	-	**6,253**	**5,910**
Impairment (losses)/reversals	-	-	(58)	(87)	**(341)**	**(1,195)**
Depreciation and amortisation	(51)	(63)	-	-	**(6,615)**	**(6,547)**
Net asset transfers	(200)	635	(4,314)	(5,638)	**(56)**	**517**
Carrying amount at end of year	**2,293**	**2,414**	**13,171**	**9,437**	**293,414**	**283,131**

31. Property, plant and equipment continued

Recognition and measurement

Acquisition

Items of property, plant and equipment with a cost or other value greater than the asset recognition threshold of the agency are initially capitalised and recorded at cost. *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector* mandates asset recognition thresholds for departments and not-for-profit statutory bodies as follows:

Asset class	Asset recognition threshold
Land	$1 (all land)
Buildings	$10,000
Infrastructure	$10,000
Plant & equipment	$5,000
Major plant & equipment	An amount greater than or equal to $5,000, the exact amount of which is at the agency's discretion.
Heritage & cultural assets	$5,000
Work in progress	n/a
Library reference collections	$1,000,000

Asset recognition thresholds for other entities within the TSS do not exceed the thresholds above.

Items with a cost or other value below each entity's recognition threshold are expensed in the year of acquisition. Cost is determined as the value given as consideration, plus costs incidental to the acquisition including all other costs incurred in getting the assets ready for use. Training, marketing and advertising costs are expensed as incurred.

In accordance with AASB 116 *Property, Plant and Equipment*, administration and other general overhead costs are expensed in the year they are incurred. Overhauls and major inspections are only capitalised if it is probable that future economic benefits associated with them will flow to the entity and their cost can be measured reliably. Any remaining carrying amount of the cost of the previous inspection/overhaul (as distinct from physical parts) is derecognised.

Assets acquired at no cost or for nominal consideration that can be measured reliably, are recognised initially as assets and revenues at their fair value at the date of acquisition.

Recording and valuation

Land, buildings, infrastructure, major plant and equipment, heritage and cultural assets, and SCA assets are valued at fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 and *Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector*.

Other classes of assets are valued at cost which approximates fair value.

On initial recognition, all costs incurred in purchasing or constructing the asset and getting it ready for use are capitalised to the value of the asset. Costs also include the initial estimate of the costs of dismantling and restoring the site on which it is located, where that obligation is recognised and measured in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

Subsequent costs are added to the carrying amount of the asset when it improves the condition of the asset beyond its originally assessed standard of performance or capacity. Otherwise, subsequent costs are expensed.

Non-current physical assets measured at fair value are comprehensively revalued once every five years or as appropriate, with interim valuations using relevant indices being otherwise performed on an annual basis. Separately identified components of assets are measured on the same basis as the assets to which they relate.

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.

31. Property, plant and equipment continued

Recognition and measurement continued

Recording and valuation continued

Items or components that form an integral part of an asset are recognised as a single asset (functional asset). The recognition threshold is applied to the aggregate cost of each functional asset. Energy entities' easements are disclosed as part of property, plant and equipment because they are considered to be an integral part of the property, plant and equipment of those entities.

Land under roads

The value included in the balance of land under roads is approximately $63 billion (2020: $62.3 billion).

All land under roads acquired is recorded at fair value in accordance with AASB 13 and AASB 116 using an englobo basis based on the statutory land valuations (as agreed by all state Valuers-General in 2009).

The englobo method reflects the characteristics that would be taken into account by a potential buyer of land under roads that is made available for sale (after having the legislative restriction removed). Englobo valuation is inclusive of all potential land uses and assumes that if removal of the legislative restriction occurred, land under roads would revert to its original state before subdivision. The methodology is appropriate for all land under roads, regardless of its location or whatever type of road infrastructure (if any) is currently on it.

Fair value is determined by the State Valuation Services using an acceptable, reliable valuation methodology which is undertaken by multiplying the total area of land under roads within each local government area by the average statutory value of all freehold and leasehold land within the corresponding local government area. The statutory valuations for non-rural land are determined on the basis of site value, with the unimproved value used for rural land.

Property, plant and equipment held for rental

Items of property, plant and equipment that have been held for rental to others are routinely sold in the course of the State's ordinary business. These assets are transferred to inventories at their carrying amount when they cease to be rented and become held for sale. Cash flows received from the subsequent sale of assets that were previously held for rental to others and cash paid to purchase these assets are recognised as operating activities rather than investing activities.

Right-of-use (ROU) assets

Right-of-use assets, including those from concessionary leases, are measured at cost on initial recognition, and are subsequently measured using the cost model. ROU assets are depreciated over the lease term, except where the State expects to obtain ownership of the asset at the end of the lease, in which case depreciation is over the useful life of the underlying asset.

The State has elected not to recognise ROU assets arising from short-term leases and leases of low value assets. The lease payments are instead expensed on a straight-line basis over the lease term. An asset is considered low value if it is expected to cost less than $10,000 when new.

Where a contract contains both lease and non-lease components such as asset maintenance services, the State allocates the contractual payments to each component on the basis of their stand-alone prices, except for leases of plant and equipment, where the State accounts for them as a single lease component. This is also the case for accommodation leases where the base rent is 'all inclusive' as the non-lease component cannot be reliably measured.

31. Property, plant and equipment continued

Recognition and measurement continued

Recording and valuation *continued*

Right-of-use (ROU) assets continued

Details of major leasing activities

Commercial office accommodation - $1.9 billion	The State leases a portfolio of commercial accommodation, primarily through the Queensland Government Accommodation Office, represented by ROU assets (buildings). These leases are negotiated on an individual basis and contain a wide range of different terms and conditions in order to achieve the best whole of Government outcome. The State is exposed to potential future increases in variable lease payments based on CPI or market rates, which make up approximately 12% of the portfolio and these are not included in the lease liability until they take effect. When adjustments to lease payments based on CPI or market rates do take effect, the lease liability is reassessed and adjusted against the ROU asset. Extension options are included in the majority of office accommodation leases, however these are not included in the lease term assessed at commencement date due to the State not being reasonably certain that they will be used. In determining whether these options should be included in the lease term assessed at commencement date, the State considers its current office accommodation strategic plan and its history of exercising extension options. The lease term is reassessed if the State becomes reasonably certain that an extension option will be exercised. The lease agreements do not impose any covenants other than the security interests in the leased assets that may be held by the lessor.
Buildings on Deed of Grant in Trust land - $820 million	The State has concessionary leases consisting of buildings on Deed of Grant in Trust land. These buildings are leased from a number of Aboriginal and Torres Strait Islander councils on below-market rental terms. The leases facilitate the construction and/or refurbishment of properties on communal land in accordance with the National Partnership on Remote Housing, entered into between the Australian Government and the Queensland Government. The State is responsible for construction, upgrades, maintenance and insurance of the properties and the use of the properties is restricted to social housing purposes.

The State also entered into a lease during the year with Australian Unity for the Surgical, Treatment and Rehabilitation Services (STARS) facility. See Note 26 for further details.

Due to the adoption of AASB 1059 *Service Concession Arrangements: Grantors* this year, previously reported ROU assets at 30 June 2020 of $1.87 billion relating to the Toowoomba Bypass and Gold Coast Light Rail have been transferred to service concession assets – non-GORTO.

The accounting for the New Generation Rollingstock assets was also reviewed and a further $1.353 billion previously reported ROU assets at 30 June 2020 have been transferred to major plant and equipment and buildings, as the State has ownership of the assets throughout the term of the contract.

Interest expense on lease liabilities is disclosed in Note 13. Cash outflows for leases are disclosed in Note 40(b). The State's expenses relating to short-term leases, leases of low value assets and variable lease payments are not material.

Service concession assets – non-GORTO

The State applied AASB 1059 for the first time in 2020-21; transitional policies and impacts are disclosed in Note 1(e).

Non-GORTO refers to those SCAs where the State pays the operator to construct, maintain and operate an asset that delivers public services. This is distinct from Grant of Right to Operate (GORTO) arrangements where the State grants the operator a right to charge for third party usage of the asset or a right to access a revenue-generating asset located on State land. Service concession assets and liabilities arising from GORTO arrangements are separately disclosed in Note 33 because they do not fit within the Government Finance Statistics framework.

31. Property, plant and equipment continued

Recognition and measurement continued

Recording and valuation *continued*

Service concession assets – non-GORTO continued

The State's non-GORTO arrangements at 30 June 2021 are the Toowoomba Bypass and Gold Coast Light Rail - G:link. More details about these arrangements can be found in Note 26.

Service concession assets are measured at current replacement cost on initial recognition or reclassification and are subsequently measured at fair value determined using current replacement cost. The assets are depreciated on a straight-line basis over their components' useful lives which range from 29 to 82 years. The assets are categorised at level 3 in the fair value hierarchy. The valuation methodology and significant unobservable inputs are the same as for level 3 buildings and roads and track infrastructure, as disclosed in this note.

Impairment

Property, plant and equipment assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the State determines the asset's recoverable amount, being the higher of the asset's fair value less costs to sell and current replacement cost. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

An impairment loss is recognised as an other economic flow included in the operating result, unless the asset is carried at a revalued amount. When assets are measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimated recoverable amount.

Refer to Note 16 for further information on the State's policy on impairment and for any impairment losses recognised in the Operating Statement.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the State include, but are not limited to, published sales data for land and general office buildings.

Unobservable inputs are data, assumptions and judgements that are not available publicly but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the State include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the State's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the State for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3: represents fair value measurements that are substantially derived from unobservable inputs.

None of the State's valuations of non-financial assets are eligible for categorisation into level 1 of the fair value hierarchy.

More specific fair value information about the State's property, plant and equipment is outlined below.

31. Property, plant and equipment continued

Level 3 fair value reconciliation

General Government Sector

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	13,709	13,488	35,237	32,716	62,159	57,335	1,104	857
Acquisitions	9	5	725	758	-	-	-	-
Disposals	(52)	(28)	(22)	(78)	(3)	(3)	-	-
Revaluation increments/(decrements)	925	112	1,295	1,256	2,205	3,635	19	14
Depreciation and amortisation	-	-	(1,598)	(1,528)	(988)	(1,013)	(41)	(37)
Net asset transfers	7	132	651	2,114	1,135	2,204	47	270
Carrying amount at end of year	**14,597**	**13,709**	**36,288**	**35,237**	**64,508**	**62,159**	**1,130**	**1,104**

	Heritage and cultural assets		*SCA – non-GORTO*		*ROU assets*		*Total*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	1,542	1,514	2,209	1,626	-	682	**115,960**	**108,217**
Acquisitions	6	7	-	-	-	-	**740**	**771**
Disposals	-	-	-	-	-	-	**(77)**	**(109)**
Revaluation increments/(decrements)	56	51	136	15	-	-	**4,636**	**5,083**
Depreciation and amortisation	(21)	(37)	(52)	(54)	-	-	**(2,698)**	**(2,670)**
Net asset transfers	(26)	7	-	622	-	(682)	**1,814**	**4,667**
Carrying amount at end of year	**1,557**	**1,542**	**2,293**	**2,209**	**-**	**-**	**120,373**	**115,960**

31. Property, plant and equipment continued

Level 3 fair value reconciliation continued

Total State Sector

	Land		*Buildings*		*Infrastructure*		*Major plant and equipment*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	14,987	14,702	37,349	34,614	115,304	111,790	1,850	1,653
Acquisitions	10	5	725	762	63	250	-	-
Disposals	(56)	(30)	(35)	(82)	(42)	(21)	-	-
Revaluation increments/(decrements)	953	109	1,404	1,266	2,243	3,439	218	(15)
Impairment (losses)/reversals	(6)	(7)	(10)	(13)	(130)	(908)	-	-
Depreciation and amortisation	-	-	(1,728)	(1,654)	(3,010)	(3,094)	(84)	(84)
Net asset transfers	(5)	208	708	2,455	2,782	3,848	106	297
Carrying amount at end of year	**15,882**	**14,987**	**38,412**	**37,349**	**117,209**	**115,304**	**2,090**	**1,850**

	Heritage and cultural assets		*SCA – non-GORTO*		*ROU assets*		*Total*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*	*2021 $M*	*2020 $M*
Carrying amount at beginning of year	1,542	1,514	2,209	1,626	-	682	173,240	166,581
Acquisitions	6	7	-	-	-	-	804	1,025
Disposals	-	-	-	-	-	-	(133)	(133)
Revaluation increments/(decrements)	56	51	136	15	-	-	5,009	4,864
Impairment (losses)/reversals	-	-	-	-	-	-	(147)	(928)
Depreciation and amortisation	(21)	(37)	(51)	(54)	-	-	(4,895)	(4,924)
Net asset transfers	(26)	7	-	622	-	(682)	3,565	6,755
Carrying amount at end of year	**1,557**	**1,542**	**2,293**	**2,209**	**-**	**-**	**177,444**	**173,240**

31. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value

General Government Sector		
Description	**Fair value 2021 $M**	**Significant unobservable inputs**
Land	**14,597**	Level 3 land assets are mainly held by the Department of Resources and Department of Environment and Science. These assets are classified as reserves, unallocated state land, national parks and leasehold land. The valuation of reserves and unallocated state land is based, where possible, on recent sales in the general location of the land, adjusted for specific attributes of, and restrictions on, the land being valued. As such, the most significant unobservable input into the valuation of reserves and unallocated state land is the valuers' professional judgement applied in determining the fair value. **National park** land is valued with reference to sales of land with a similar topography and location. This market data is adjusted by the valuer to reflect the nature of restrictions upon national park land. Accordingly, the most significant input to the valuation of national park land is the valuers' judgement in relation to the adjustments potential market participants would make to the price paid for this land in light of the restrictions. **Leasehold land** is valued using the present value of the future income from leases over the land. In calculating the value of leasehold land, the discount rate applied to the leases is a significant unobservable input.
Buildings	**36,288**	Buildings classified as Level 3 are those which, due to their specialised nature and/or construction, do not have an active market. These assets are generally valued using a current replacement cost approach. Within level 3 buildings, major sub-groups exist which are valued using similar methods. The most significant of these groups are schools and early childhood buildings, correctional centres, court houses and juvenile justice facilities, health services buildings (including hospitals) and social housing. **Schools and early childhood buildings** are valued on a current replacement cost basis, utilising published current construction costs for the standard components of the buildings. Adjustment and allowances are made for specialised fit out requirements and more contemporary construction/design approaches. Significant judgement is also required in determining the remaining service life of these buildings. **Correctional centres, court houses and juvenile justice facilities** are valued using a current replacement cost approach. Significant inputs into this approach are construction costs, locality allowances for regional and remote facilities, remaining useful life and current condition assessments. **Social housing** is valued using market based inputs. However, because multi-unit properties do not have separate titles, significant adjustments are made by valuers. Significant unobservable inputs to the valuers' adjustments are the discount rate applied to represent the cost of obtaining strata title. **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 and on costs at the valuation date, is 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 lives.

31. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value continued

General Government Sector continued		
Description	**Fair value 2021 $M**	**Significant unobservable inputs**
Infrastructure **SCA - non-GORTO**	**64,508** **2,293**	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. Assets in the SCA non-GORTO class are mainly the Gold Coast Light Rail and Toowoomba Second Range Crossing and are measured at fair value using the same valuation methodology as infrastructure assets. **Road infrastructure, and roads, tracks and rail** 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.
Major plant and equipment	**1,130**	Major plant and equipment in the GGS is primarily New Generation Rollingstock assets held by the Department of Transport and Main Roads. **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.
Heritage and cultural assets	**1,557**	Heritage and cultural assets are mainly comprised of unique or iconic items which are considered to be of historical or cultural significance. These assets are primarily held by the Queensland Art Gallery and the Queensland Museum. While some of these items are able to be traded, such transactions are highly individualised and accordingly it is not considered that there is an active market for these types of assets. **Collections held by the Queensland Art Gallery and Queensland Museum** are largely valued on an individual basis with reference to recent transactions in similar works or the cost of replicating or recollecting items. Due to the unique nature of these items, despite some reliance on recent transactions in similar items, the most significant input to the valuation of collections held by the Queensland Art Gallery and Queensland Museum is the professional judgement of the valuer.

31. Property, plant and equipment continued

Level 3 significant valuation inputs and relationship to fair value continued

Total State Sector

Description	Fair value 2021 $M	Significant unobservable inputs
Infrastructure **SCA -** **non-GORTO**	**117,209** **2,293**	In addition to the infrastructure assets identified above in the GGS, level 3 infrastructure and SCA non-GORTOs for the TSS includes rail, ports, electricity and water infrastructure assets. The majority of **water infrastructure** assets (mainly Seqwater) are valued using an income-based approach. Unobservable inputs in this type of valuation include assumptions about future market conditions and selection of an appropriate discount rate. The discount rate is a significant unobservable input to the valuation of water infrastructure. **Port infrastructure** has been largely valued using an income-based approach. Inherent in this valuation process are assumptions in relation to future operating cash flows, projected capital replacement and selection of an appropriate discount rate (equal to the Weighted Average Cost of Capital) for the organisation holding the assets. The discount rate has a significant impact upon the final valuation and, being based upon professional judgement, is an unobservable input. The valuation of **electricity distribution and transmission infrastructure** is undertaken using an income-based approach. Being regulated assets, significant professional judgement is required in forecasting future cash flows. The significant unobservable inputs affecting the valuation of electricity infrastructure include assumptions about future revenue cash flows, future capital expenditure requirements and selection of an appropriate discount rate. The valuation of **National Electricity Market connected power stations** is based on an income approach using a pre-tax nominal cash flow and discount rate model and various demand, supply and Renewable Energy Target scenarios. The significant unobservable inputs affecting the valuation include assumptions about electricity spot prices, contract load and premium and discount rate. The majority of **rail infrastructure** is valued using a current replacement cost methodology except for regional freight assets which are valued on a discounted cash flow basis. The significant unobservable inputs to the current replacement cost valuation are costs to replace existing assets and the assessments of current asset condition and remaining useful life.
Major plant and equipment	**2,090**	Major plant and equipment in the TSS, in addition to that in the GGS, is primarily Queensland Rail rollingstock. **Rollingstock** is valued using a current replacement cost approach. The significant unobservable inputs to the valuation of rollingstock are estimated costs to replace existing assets and the assumptions made about current asset condition and remaining useful life.

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 Resources 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.

31. Property, plant and equipment continued

Total State Sector continued

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.

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.

32. Intangibles

General Government Sector

	Gross		Accumulated Amortisation		Written down value	
	2021 *$M*	*2020* *$M*	*2021* *$M*	*2020* *$M*	*2021* *$M*	*2020* *$M*
Software development	2,238	2,094	(1,380)	(1,378)	858	716
Purchased software	343	353	(278)	(274)	65	79
Other	59	61	(28)	(29)	31	33
	2,639	**2,508**	**(1,686)**	**(1,681)**	**953**	**828**

Total State Sector

	Gross		Accumulated Amortisation		Written down value	
	2021 *$M*	*2020* *$M*	*2021* *$M*	*2020* *$M*	*2021* *$M*	*2020* *$M*
Software development	3,782	3,427	(2,247)	(2,161)	1,534	1,267
Purchased software	681	689	(500)	(498)	181	191
Licences and rights	116	116	(103)	(103)	13	13
Other	367	365	(179)	(173)	187	193
	4,945	**4,598**	**(3,030)**	**(2,934)**	**1,915**	**1,664**

Intangible assets are recognised in accordance with AASB 138 *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.

For information on impairment policies, refer to Note 16.

Notes to the Financial Statements

33. Service Concession Arrangements – GORTO

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Service concession assets - GORTO				
Gross	11,564	11,531	11,564	11,531
Less: Accumulated depreciation	1,625	1,501	1,625	1,501
	9,939	**10,030**	**9,939**	**10,030**
Service concession assets - GORTO movement reconciliation:				
Carrying amount at beginning of year	10,030	9,871	10,030	9,871
Net revaluation increments	75	291	75	291
Depreciation expense	(134)	(132)	(134)	(132)
Transfers	(32)	-	(32)	-
Carrying amount at end of year	**9,939**	**10,030**	**9,939**	**10,030**
Service concession liabilities - GORTO				
Carrying amount at beginning of year	7,867	8,101	7,867	8,101
Amortisation	(233)	(234)	(233)	(234)
Carrying amount at end of year	**7,633**	**7,867**	**7,633**	**7,867**

Refer Note 1(e) for the accounting policy for GORTO assets and liabilities. The assets are depreciated over their useful lives and the liabilities (which are unearned revenue) are amortised over the terms of the SCAs. The net Operating Statement impact is reflected in Note 20.

Refer Note 26 for further details of individual GORTO arrangements.

34. Other non-financial assets

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Prepayments	528	482	632	605
Other	63	62	75	68
	591	**543**	**707**	**673**
Non-current				
Prepayments	216	213	237	234
Other	8	8	9	9
	224	**221**	**245**	**243**
	815	**764**	**952**	**916**

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.

35. Payables

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Trade creditors	2,352	2,088	3,672	2,937
Grants and other contributions	299	1,607	250	1,562
GST payable	50	49	138	123
Other payables	1,899	1,832	1,987	1,925
	4,600	**5,575**	**6,047**	**6,548**
Non-current				
Trade creditors	120	103	169	146
Other payables	5	5	7	6
	125	**108**	**176**	**152**
	4,725	**5,683**	**6,223**	**6,700**

Payables mainly represent amounts owing for goods and services provided to the State prior to the end of the financial year. The amounts are unsecured, are usually paid within 30 days of recognition and are non-interest bearing.

Payables are recognised at amortised cost using the effective interest rate method.

36. Employee benefit obligations

(a) Superannuation liability

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Superannuation (refer Note 48)	1,808	1,764	1,808	1,764
Judges' pensions (refer Note 48)	27	26	27	26
	1,836	**1,789**	**1,836**	**1,789**
Non-current				
Superannuation (refer Note 48)	24,359	25,033	24,086	24,881
Judges' pensions (refer Note 48)	1,127	977	1,127	977
	25,486	**26,010**	**25,213**	**25,858**
	27,322	**27,800**	**27,049**	**27,648**

The State recognises a superannuation liability in respect of the various employees' accrued superannuation benefits and represents the difference between the net market value of plan assets and the estimated accrued superannuation benefits at year end.

The present value of the accrued benefits is calculated using the projected unit credit method and represents the actuarial value of all benefits that are expected to become payable in the future in respect of contributions made or periods of service completed prior to the valuation date, allowing for future salary increases.

The costs of providing future benefits to employees are recognised over the period during which employees provide services. All superannuation plan costs, excluding actuarial gains and losses, are recognised in the Operating Statement. Actuarial gains and losses are recognised directly in equity on an annual basis and represent experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred e.g. investment returns on plan assets) and the effects of changes in actuarial assumptions underlying the valuation.

For the State Public Sector Superannuation Scheme (QSuper), expected future payments are discounted using market yields at the reporting date on Government bonds with terms to maturity that match the estimated future cash outflows. The gross discount rate for 10 year Commonwealth bonds at 30 June 2021 was 1.5% (2020: 0.9%).

36. Employee benefit obligations continued

(a) Superannuation liability continued

Superannuation/retirement benefit obligations continued

Employees in the electricity industry contribute to an industry multiple employer superannuation fund, Energy Super Fund (ESF). The ESF uses discount rates that are more closely aligned to the corporate bond rate (refer Note 48).

Future taxes are part of the provision of the existing benefit obligations and are taken into account in measuring the net liability or asset.

(b) Other employee benefits

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current				
Salary and wages payable	609	864	743	957
Annual leave	2,466	2,229	2,729	2,486
Long service leave	622	547	1,156	1,068
Other employee entitlements	56	112	169	207
	3,753	**3,752**	**4,797**	**4,719**
Non-current				
Long service leave	5,147	4,566	5,206	4,621
Other employee entitlements	14	9	26	20
	5,160	**4,576**	**5,232**	**4,640**
	8,914	**8,327**	**10,029**	**9,359**

Wages, salaries and sick leave

Liabilities for wages and salaries are accrued at year end. For most agencies, sick leave is non-vesting and is expensed as incurred. Liabilities have been calculated based on wage and salary rates at the date they are expected to be paid and include related on-costs.

Annual leave

The Annual Leave Central Scheme (ALCS) was established on 30 June 2008 to centrally fund annual leave obligations of departments, commercialised business units and shared service providers. Members pay a levy equal to their accrued leave cost into the scheme and are reimbursed by the scheme for annual leave payments made to their employees. Entities that do not participate in the ALCS continue to determine and recognise their own leave liabilities.

The State's annual leave liability has been calculated based on wage and salary rates at the date they are expected to be paid and includes related on-costs. In accordance with AASB 119 *Employee Benefits*, where annual leave is not expected to be paid within 12 months, the liability is measured at the present value of the future cash flows.

Long service leave

From 1 July 2019, a levy of 2.35% of salary and wages costs is paid by participating agencies (predominantly Government departments) into the Long Service Leave Central Scheme which was introduced in 1999-2000. Amounts paid to employees for long service leave are then claimed from the scheme as a reimbursement. The liability is assessed annually by the State Actuary.

The valuation method used incorporates consideration of expected future wage and salary levels, experience of employee departures and periods of service. On-costs have been included in the liabilities and expenses for the Long Service Leave Central Scheme. These amounts have not been separately identified as they are not material in the context of the State's overall employee entitlement liabilities.

The State's long service leave provisions are calculated in accordance with AASB 119 using yield rates of Government bonds at reporting date and actuarial assumptions which are mutually compatible. The gross discount rate for 10 year Commonwealth bonds at 30 June 2021 was 1.5% (2020: 0.9%).

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.

36. Employee benefit obligations continued

(b) Other employee benefits continued

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts a voluntary redundancy in exchange for these benefits. The State recognises termination benefits when it is demonstrably committed to either terminating the employment of employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

37. Deposits, borrowings and advances, securities and derivatives

(a) Deposits held

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current				
Deposits at fair value through profit or loss	-	-	6,388	7,172
Interest bearing security deposits	-	-	12	12
	-	**-**	**6,399**	**7,185**

(b) Advances received

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current				
Commonwealth	39	67	39	67
Public Non-financial Corporations	1,135	1,491	-	-
	1,174	**1,558**	**39**	**67**
Non-current				
Commonwealth	261	286	261	286
	1,435	**1,845**	**300**	**354**

(c) Borrowing with QTC

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current	37	61	-	-
Non-current	46,116	37,509	-	-
	46,153	**37,570**	**-**	**-**

At 30 June 2021, $2.26 billion (2020: nil) was held in a redraw facility, offsetting borrowing with QTC in the Balance Sheet.

37. Deposits, borrowings and advances, securities and derivatives continued

(d) Leases and other loans

	General Government		Total State	
	2021	2020	2021	2020
	$M	$M	$M	$M
Current				
Lease liability	474	456	540	521
SCA - non-GORTO liabilities	33	30	33	30
Loans - other	25	34	105	119
	532	**520**	**679**	**670**
Non-current				
Lease liability	2,719	2,559	3,159	3,045
SCA - non-GORTO liabilities	661	694	661	694
Loans - other	3,792	2,712	4,107	2,974
	7,172	**5,965**	**7,926**	**6,713**

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

	General Government		Total State	
	2021	2020	2021	2020
	$M	$M	$M	$M
Current				
Government securities issued	-	-	8,112	14,513
Derivatives				
Cash flow hedges	-	-	253	116
Other derivatives	-	-	590	800
	-	**-**	**8,956**	**15,429**
Non-current				
Government securities issued	-	-	114,271	98,362
Derivatives				
Cash flow hedges	-	-	94	23
Other derivatives	220	198	867	1,212
	220	**198**	**115,232**	**99,596**
	220	**198**	**124,189**	**115,025**

Financial liabilities disclosed above are classified as either financial liabilities held at amortised cost or as financial liabilities at fair value through profit or loss. The carrying amount of financial liabilities in each of the categories is disclosed in Note 47.

Financial liabilities held at amortised cost

Financial liabilities held at amortised cost are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include interest bearing security deposits, borrowing with QTC, advances from the Australian Government and PNFCs, lease liabilities, service concession liabilities and other loans (except those held by QTC). The borrowing with QTC and advances from PNFCs are eliminated on consolidation of the TSS.

Financial liabilities at fair value through profit or loss

Financial liabilities are categorised as fair value through profit or loss if they are classified as held for trading or designated so upon initial recognition. Financial liabilities at fair value through profit or loss are valued at fair value at balance date. Unrealised gains and losses are brought to account as other economic flows included in the operating result.

37. Deposits, borrowings and advances, securities and derivatives continued

Financial liabilities at fair value through profit or loss *continued*

Financial liabilities at fair value through profit or loss include deposits and other loans held by QTC, Government securities issued by QTC, and derivatives. In relation to deposits, income derived from their investment accrues to depositors daily. The amount shown in the Balance Sheet represents the market value of deposits held at balance date. Collateral held and securities which are sold under agreements to repurchase are disclosed as deposits.

Government securities issued include short-term treasury notes, Australian bonds and floating rate notes principally raised by QTC.

Derivative financial instruments

The State, through its controlled entities, enters into derivative financial instruments in the normal course of business in order to hedge exposure to movements in interest rates, electricity prices and foreign currency exchange rates. GGS holds an electricity derivative instrument related to renewable solar energy investment projects.

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 fixed rate exposure. Derivatives that meet certain criteria may be designated as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges) or as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). Gains or losses on fair value hedges are recognised as other economic flows included in the operating result. Gains or losses on the effective portion of cash flow hedges are recognised directly in the hedge reserve in equity, while the ineffective portion is recognised immediately as other economic flows included in the operating result.

Amounts taken to the hedge reserve in equity are transferred to the operating result when the hedged transaction affects the operating result, such as when a forecast sale or purchase occurs, or when the hedge becomes ineffective. Where the forecast transaction that is hedged results in recognising a non-financial asset or liability, the gains or losses previously deferred in equity are transferred to the carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised in the operating result or in the carrying amount of an asset or liability when the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the operating result.

All derivatives are carried as assets when fair value is positive and liabilities when fair value is negative. Derivative assets are disclosed in Note 24(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. Some derivatives qualify for cash flow hedge accounting as detailed below.

(i) Cash flow hedges

Risk management strategy

The State applies hedging accounting on eligible electricity derivatives (mostly price swaps, futures, and options) that are used to protect against movements in the price of electricity. The economic relationship is determined by matching the critical terms, such as forecasted volume and time period, between the hedging instrument and the hedged item. The hedge ratio for these hedging relationships is intended to be 100 per cent. However, the inherent variability in the volume of electricity demand and sales means that actual sales and purchases volumes can vary from the forecasts. These variances are the main source of hedge ineffectiveness.

The State also enters into forward exchange contracts and cross currency swaps to protect against foreign exchange movements. The total amount of these derivatives is not material.

37. Deposits, borrowings and advances, securities and derivatives continued

***Derivative financial instruments** continued*

(i) Cash flow hedges continued

Amount, timing and uncertainty of future cash flows

The electricity derivatives are recognised at trade date and settled net, with the majority of cash flows expected within six years. The nominal amount of electricity hedges outstanding and their price ranges are as follows:

Total State Sector

	Nominal quantity *GWh*	***Price range*** *$ / MWh*
2021		
Electricity derivatives designated as cash flow hedges of electricity sales	32,117	31 to 120
Electricity derivatives designated as cash flow hedges of electricity purchases	9,653	32 to 89
2020		
Electricity derivatives designated as cash flow hedges of electricity sales	33,674	33 to 102
Electricity derivatives designated as cash flow hedges of electricity purchases	7,505	34 to 145

Effects of hedge accounting on financial position and performance

	Total State	
	2021 *$M*	*2020* *$M*
Carrying amount of hedging instruments - assets	122	589
Carrying amount of hedging instruments - liabilities	348	141
Change in fair value of hedging instruments - gain/(loss) - for calculating hedge ineffectiveness	(790)	764
Change in value of hedged items - gain/(loss) - for calculating hedge ineffectiveness	768	(763)
Hedge ineffectiveness recognised in profit or loss (See Note 16)	6	1
Cash flow hedge reserve reconciliation:		
Opening balance	400	(248)
Effective portion of hedging gains or losses recognised in equity	(765)	763
Amounts reclassified to profit or loss - hedged item has affected profit or loss [1]	40	(122)
Amounts reclassified to profit or loss - hedged future cash flows no longer expected to occur	10	8
Amounts included in the carrying amount of a non-financial asset or liability	1	(1)
Closing balance	**(314)**	**400**

[1] Reclassification adjustments are included in sales of goods and services (for sales) in Note 5 or other operating expenses (for purchases) in Note 11.

The closing balance of the cash flow hedge reserve relates to continuing hedges, with the exception of $39 million losses (2020: $31 million gains) 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 2021 or 2020.

37. Deposits, borrowings and advances, securities and derivatives continued

***Derivative financial instruments** continued*

(ii) Derivatives which do not qualify for hedge accounting

Certain derivatives do not qualify for hedge accounting as they are held for trading or not designated as hedges. These instruments typically include some electricity derivatives such as swaps, caps and options and environmental derivatives contracts, such as forward contracts and options. Interest rate swaps, forward rate agreements, options and credit default swaps are also used to hedge exposure to interest rate movements, foreign currency and credit risks but are not hedge accounted.

38. Provisions

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Current				
Outstanding claims				
Workers' compensation	-	-	1,506	1,394
Other	216	230	228	240
Onerous contracts	-	-	23	11
National Injury Insurance Scheme Queensland	-	-	108	50
Queensland Government Insurance Fund	372	436	372	436
Other	218	315	299	414
	807	**980**	**2,536**	**2,545**
Non-current				
Outstanding claims				
Workers' compensation	-	-	2,392	2,093
Other	1,093	1,355	1,110	1,368
Onerous contracts	-	-	114	51
National Injury Insurance Scheme Queensland	-	-	3,043	2,388
Queensland Government Insurance Fund	3,128	2,188	3,128	2,188
Other	340	320	1,053	1,401
	4,561	**3,863**	**10,840**	**9,489**
	5,368	**4,843**	**13,376**	**12,034**

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.

In accordance with AASB 1023 *General Insurance Contracts*, the claims liability includes a risk margin in addition to expected future payments. These liabilities are discounted for the time value of money using risk-free discount rates that are based on current, observable, objective rates.

38. Provisions continued

***Outstanding claims** continued*

(i) Workers' Compensation

WorkCover Queensland is the main provider of workers' compensation insurance in Queensland. The discount rate applied to Workers' Compensation gross outstanding claims as at 30 June 2021 was 1.8% (2020: 1.3%) and the inflation rate was 2.5% (2020: 2.3%). The risk margin applied was 9% (2020: 10%).

(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, psychological care, legal and administrative costs and offsets for payments previously made to survivors under the Forde Redress Scheme and the proportion of survivors estimated to pursue civil damages instead of a monetary payment under the National Redress Scheme.

(iii) National Injury Insurance Scheme Queensland (NIISQ)

NIISQ was established on 1 July 2016 to provide ongoing lifetime treatment, care and support services for people who sustain eligible, serious personal injuries in a motor vehicle accident on or after 1 July 2016, regardless of fault.

The NIISQ is funded via a levy which Queensland motorists pay in conjunction with their Compulsory Third Party (CTP) premium and registration. The levy is set annually and is based on actuarial advice to fully fund present and likely future liabilities of the scheme. Scheme liabilities are long term in nature and estimates of costs are sensitive to underlying financial assumptions for inflation and the discount rate. Actuarial assumptions underpinning the levy adopt long-term assumptions for inflation and the discount rate to support year to year levy stability (3.2% p.a. and 4.0% p.a. respectively for 2020-21).

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 2021, including claims incurred but not reported. The estimate of the NIISQ provision is based on market consistent assumptions of 2.9% p.a. inflation and the discount rate of 2.7% p.a. as at 30 June 2021 (2.9% and 2.5% respectively for 2020).

(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 the 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 2021 and include an estimate of the cost of claims that are incurred but not reported. Expected future payments are discounted using yields on Commonwealth bonds. This risk free discount rate applied as at 30 June 2021 was 1.4% (2020: 0.9%).

The increase in the provisions is mainly attributed to an increase in the provision for historical child sexual abuse claims.

(v) Queensland Floods

In 2020, the State took up a provision in relation to the 2011 South-east Queensland Floods Class Action against the State. During 2021, a settlement with the Plaintiff (approved by the Court) agreed a final payment by the State and SunWater Limited. Refer to Note 44 for a post balance date event in relation to Seqwater's liability.

38. **Provisions** continued

Other provisions

(i) Power Purchase/Pooling Agreement provisions

A provision for onerous contracts has been realised in relation to long-term power purchase/pooling agreements (PPAs) when the unavoidable costs of meeting the ongoing obligations under these agreements exceed the expected benefits to be received. The provision for onerous contracts reflects the net present value of the least net cost of exiting these onerous PPAs, which is the lower of the cost of fulfilling the agreements or the compensation payable, as defined in these agreements, for early termination.

An onerous contract provision exists in relation to the Gladstone Interconnection and Power Pooling Agreement and was remeasured upwards by $71 million (2020: decrease of $138 million) during the year due to a change in future years' cash flow assumptions.

The extent of the future losses from the PPAs will depend on future wholesale pool prices as well as the need for the State to meet its network support obligations. The future level of Queensland wholesale pool prices remains significantly uncertain. The critical determinants of future pool prices will be the bidding behaviour of participants in the National Electricity Market, load growth, network reliability and the introduction of new generation capacity. The discount rate used reflects current market assessments of the time value of money and the risks specific to these obligations.

(ii) Restoration provisions

Provisions are recognised for dismantling, removal and restoration costs where a constructive obligation exists. The present value of the obligation is recorded in the initial cost of the asset.

Movements in provisions

General Government Sector	**Outstanding Claims**	**QGIF**	**Other Provisions**	**Total**
	2021	*2021*	*2021*	*2021*
	$M	*$M*	*$M*	*$M*
Carrying amount at beginning of year	1,584	2,624	635	4,843
Additional provisions recognised	128	213	67	408
Reductions in provisions and payments	(401)	(215)	(121)	(737)
Transfers and reclassifications	-	-	(16)	(16)
Change from remeasurement and discounting adjustments	(2)	879	(7)	870
Carrying amount at end of year	**1,309**	**3,501**	**558**	**5,368**

Total State Sector	**Outstanding Claims**	**NIISQ**	**QGIF**	**Other Provisions**	**Total**
	2021	*2021*	*2021*	*2021*	*2021*
	$M	*$M*	*$M*	*$M*	*$M*
Carrying amount at beginning of year	5,095	2,438	2,624	1,877	12,034
Additional provisions recognised	2,401	873	213	(2)	3,484
Reductions in provisions and payments	(2,257)	(69)	(215)	(135)	(2,676)
Transfers and reclassifications	-	-	-	(337)	(337)
Change from remeasurement and discounting adjustments	(2)	(91)	879	85	871
Carrying amount at end of year	**5,236**	**3,151**	**3,501**	**1,488**	**13,376**

39. Other liabilities

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Current				
Unearned revenue	636	559	811	756
Environmental surrender obligations (RECs, GECs, NGACs)	-	-	140	142
Other	147	151	99	110
	783	**709**	**1,050**	**1,008**
Non-current				
Unearned revenue	207	216	682	696
Other	-	-	12	4
	207	**216**	**694**	**700**
	990	**925**	**1,744**	**1,708**

40. Notes to the Cash Flow Statement

(a) Reconciliation of operating result to net cash flows from operating activities

	General Government 2021 $M	General Government 2020 $M	Total State 2021 $M	Total State 2020 $M
Operating result	8,850	(10,653)	11,812	(14,070)
Non-cash movements:				
Depreciation and amortisation	4,325	4,169	7,002	6,926
Net (gain)/loss on disposal of non-current assets	(8,004)	24	(8,433)	(902)
Impairment and write-off of bad debts	8	99	349	1,365
Equity accounting (profit)/loss	(3)	2	(2)	2
Unrealised net (gain)/loss on borrowings/investments	11	236	(2,781)	2,253
Revaluation (increments)/decrements	(2,708)	3,296	(5,614)	1,805
Net asset write downs, transfers and donations	(148)	(123)	(200)	(236)
Other	(311)	977	135	238
(Increase)/decrease in receivables	(847)	56	(1,858)	(303)
(Increase)/decrease in inventories	(30)	(75)	(182)	(268)
(Increase)/decrease in prepayment and other assets	37	(290)	118	(229)
Increase/(decrease) in payables	(1,194)	955	(837)	672
Increase/(decrease) in provisions	140	1,026	1,283	2,493
Increase/(decrease) in other liabilities	93	146	230	171
Total non-cash movements	(8,631)	10,500	(10,790)	13,987
Cash flows from operating activities	**219**	**(152)**	**1,022**	**(83)**

40. Notes to the Cash Flow Statement continued

(b) Changes in liabilities arising from financing activities

General Government Sector

2021

	Cash Flows			Non-Cash Changes				
	Opening Balance	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	1,845	1,629	(2,039)	-	-	1	-	-	1,435
Borrowing with QTC	37,570	10,874	(54)	-	13	-	(2,260)	10	46,153
Other loans	2,746	-	(37)	1,074	-	-	(5)	41	3,817
Leases	3,015	-	(553)	474	-	7	249	1	3,193
SCA - non-GORTO liabilities	725	-	(30)	-	-	-	-	-	694
Other financing	198	-	(1)	-	22	-	1	-	220
	46,098	**12,503**	**(2,714)**	**1,547**	**35**	**8**	**(2,016)**	**51**	**55,512**

2020

		Cash Flows		Non-Cash Changes					
	Opening Balance	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	2,692	2,627	(3,473)	-	-	(1)	-	-	1,845
Borrowing with QTC	29,468	3,681	(26)	-	-	-	4,447	-	37,570
Other loans	1,227	-	(134)	1,035	(17)	-	615	20	2,746
Leases	3,317	-	(441)	228	-	147	(237)	1	3,015
SCA - non-GORTO liabilities	744	-	(30)	-	13	(3)	-	-	725
Other financing	121	-	-	-	76	-	-	-	198
	37,569	**6,308**	**(4,104)**	**1,263**	**73**	**143**	**4,825**	**21**	**46,098**

40. Notes to the Cash Flow Statement continued

(b) Changes in liabilities arising from financing activities continued

Total State Sector

2021

	Cash Flows			Non-Cash Changes					
	Opening Balance	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	
Advances	354	5	(60)	-	-	1	-	-	300
Other loans	3,093	70	(53)	1,074	(6)	-	(5)	41	4,212
Leases	3,565	-	(633)	503	-	8	244	11	3,698
SCA - non-GORTO liabilties	725	-	(30)	-	-	-	-	-	694
Deposits	7,185	938	(1,722)	-	(1)	-	-	-	6,399
Other financing	115,025	36,999	(24,528)	-	(3,318)	-	10	-	124,189
	129,946	**38,011**	**(27,025)**	**1,577**	**(3,324)**	**9**	**248**	**51**	**139,493**

2020

	Cash Flows			Non-Cash Changes					
	Opening Balance	*Cash Received*	*Cash Payments*	*New Leases*	*Market Value Adjustment*	*Time Value Adjustment*	*Transfers/ Reclass*	*Other*	*Closing Balance*
	$M	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*	*$M*
Advances	419	8	(72)	-	-	(2)	-	-	354
Other loans	1,580	128	(269)	1,035	(17)	-	615	21	3,093
Leases	3,804	-	(519)	286	-	169	(186)	12	3,565
SCA - non-GORTO liabilties	744	-	(30)	-	13	(3)	-	-	725
Deposits	5,233	1,975	(24)	-	1	-	-	-	7,185
Other financing	102,786	62,306	(53,083)	-	3,016	-	-	-	115,025
	114,566	**64,418**	**(53,998)**	**1,321**	**3,013**	**165**	**429**	**33**	**129,946**

41. Capital expenditure commitments

As at 30 June 2021, State Government entities had entered into the following capital commitments. Commitments are exclusive of anticipated recoverable GST. Commitments in this Note have not been recognised as liabilities in the Balance Sheet.

	General Government		Total State	
	2021	2020	2021	2020
	$M	$M	$M	$M
	8,456	**7,271**	**9,489**	**8,446**

42. Cash and other assets held in trust

Various monies and other assets were held in trust by State Government agencies at year end and have not been included as assets / liabilities in the Balance Sheet. The following is a summary of entities holding assets in trust:

	General Government		Total State	
	2021	2020	2021	2020
	$M	$M	$M	$M
QIC Limited	-	-	42,758	42,992
The Public Trustee of Queensland	1,997	1,846	1,997	1,846
State Development, Infrastructure, Local Government & Planning*	115	102	115	102
Queensland Rural and Industry Development Authority	101	108	101	108
Other	258	221	258	221
	2,470	**2,277**	**45,228**	**45,269**

* The comparative has been restated to reflect Machinery of Government (MoG) changes.

Security, tender and other deposits administered by the State in a fiduciary or trust capacity are not recognised in the financial statements but are disclosed for information purposes. Whilst these transactions and balances are in the care of the State, they are subject to the normal internal control and external audit requirements.

43. Contingent assets and liabilities

Contingent assets and liabilities represent items that are not recognised in the Balance Sheet because at balance date:

– there is a possible asset or obligation arising from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Government; or

– there is a present obligation arising from past events, but it is not recognised because it is either not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

Below are details of the more significant contingent assets and liabilities from a GGS and TSS perspective.

Pursuant to section 15 of the *Queensland Treasury Corporation Act 1988*, any losses of QTC are the responsibility of the Consolidated Fund. On this basis, the contingent assets and liabilities of QTC, which forms part of the PFC Sector, are also incorporated in GGS statements.

(a) Contingent liabilities – quantifiable

		General Government		Total State	
		2021	2020	2021	2020
		$M	$M	$M	$M
Nature of contingency					
Guarantees and indemnities	(i)	57,984	58,414	13,497	13,217
Other	(ii)	169	151	172	155
		58,153	**58,565**	**13,669**	**13,371**

43. Contingent assets and liabilities continued

(a) Contingent liabilities - quantifiable continued

(i) Guarantees and indemnities

General Government Sector

For the GGS, these mainly comprise guarantees of borrowings by local governments and PNFCs from QTC of $9.882 billion and $44.494 billion (2020: $9.791 billion and $45.167 billion) respectively and insurance policies held by Asteron Life & Superannuation Limited of $158 million (2020: $229 million). QTC also provided guarantees of $1.84 billion (2020: $1.24 billion) relating to Australian Financial Services Licences for CS Energy Limited, Energy Queensland Limited, Stanwell Corporation Limited and CleanCo Queensland Limited, and guarantees of $160 million (2020: $100 million) relating to the trading activities in the National Electricity Market of subsidiaries of Energy Queensland Limited.

The Treasurer has guaranteed the financial obligations of borrowers under the Industry Support Package (ISP) loan facilities for the benefit of QTC up to maximum amount of $200 million under the Deed of Guarantee. As at 30 June 2021, $36.5 million is outstanding for ISP loans.

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 2021, there are 31 cases (2020: 25 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 $157 million (2020: $139 million).

As at 30 June 2021, potential performance payments in accordance with contractual event commitments totalled a maximum of $13 million (2020: $13 million) payable over six years by Tourism and Events Queensland.

Total State Sector

Queensland Rail has non-qualifying liabilities and bank guarantees totalling $70 million (2020: $64 million).

(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 acts that have extinguished or impaired native title since 1975. The High Court decision in relation to *Griffiths v Northern Territory of Australia* (known as the Timber Creek case) that was handed down on 13 March 2019 provides some guidance for calculating native title compensation.

At 30 June 2021, 146 positive native title determinations had been made in Queensland (over 33% of the State's land area) and there were 50 registered claimant applications for a native title determination (covering a further 25% of the State). Any, or all of these determinations or applications may lead to a native title compensation claim. The State is responding to three native title compensation claims that are currently before the Federal Court.

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.

43. Contingent assets and liabilities continued

(b) Contingent liabilities - not quantifiable continued

General Government Sector continued

Legal proceedings and disputes continued

Financial assurance liability gap for mining projects

Financial assurances are required for mining projects to cover the rehabilitation liability should a mining leaseholder fail to undertake rehabilitation. The liability to undertake rehabilitation work remains the responsibility of the mining leaseholder. The State's responsibility regarding rehabilitation is limited to managing any potential public safety and health risks only. At reporting date, it is not possible to determine the extent or timing of any potential financial effect of this responsibility.

Long-term sales permits

The Department of Agriculture and Fisheries has issued long-term permits to various sawmilling businesses regarding the supply of log timber from State-owned native forests. These sales permits provide for the payment of compensation by the State to the holder to the extent that the specified quantity of log timber is not harvested from the particular State-owned forests.

Collingwood Park guarantee

Due to a mine subsidence event that occurred at Collingwood Park in 2008, the State, under the *Mineral Resources Act 1989*, provides a guarantee to owners of affected land to stabilise land, repair subsidence related damage (if cost effective to do so), or purchase land beyond economic repair.

Impact of disasters

As a result of disasters impacting Queensland, further claims are anticipated on the State via the Queensland Reconstruction Authority. As per the 2021-22 Budget, the expected future expenditure in relation to past disasters is $1.229 billion (2020: $1.177 billion), the majority of which is expected to be recovered from the Australian Government.

Contaminated land

The State Government controls certain areas of land that are affected by pollutants. The agencies involved will be obliged to restore these assets to a safe and useable condition if their use changes, for example, when the land is sold. Given its nature, it is not possible to provide an estimate of the potential liability of this exposure.

Total State Sector

The following PNFC and PFC non-quantifiable contingent liabilities are in addition to the GGS items above.

WorkCover Queensland

The *Workers' Compensation and Rehabilitation Act 2003* provides that the State Government guarantees every WorkCover policy or other insurance contract with WorkCover Queensland, a statutory body. Given the nature of this contingency, it is not possible to estimate the liability, if any, due under this heading.

QIC Limited

QIC Limited, in its capacity as trustee, is potentially liable for the unsettled liabilities of a number of trusts that it administers. However, under the respective trust deeds, the Corporation is entitled to be indemnified out of the assets of the trusts for any losses or outgoings that may be sustained in its role as trustee, provided the trustee has acted within the terms of the trust deeds.

The directors have assessed the recoverable amounts of the assets of the trusts and concluded that currently they have excess assets over liabilities. Funds managed by QIC Limited in a trustee capacity totalled $47.171 billion at 30 June 2021 (2020: $43.323 billion).

43. Contingent assets and liabilities continued

(b) Contingent liabilities - not quantifiable continued

Total State Sector continued

State asset sales

As part of the State's asset sales process in 2011-12 (the initial public offering of shares in QR National Limited (now Aurizon Limited), the Forestry Plantations business, the Port of Brisbane business, the Abbot Point Coal Terminal (X50) business and Queensland Motorways Limited), the State put in place contractual arrangements which result in contingent liabilities as follows:

– Superannuation indemnity for QR National and Forestry Plantations Queensland for the cost of employer contributions above a particular threshold for their employees who remained as members of QSuper's defined benefit category;

– State indemnities for directors and officers of relevant Government-owned corporations and State public servants were put into place in relation to liabilities which might arise out of the restructuring and sale of the various sale entities;

– Indemnities as to tax and other liabilities 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; and

– Various warranties in relation to the businesses sold.

At present, the State is unaware of any breaches of agreements and there are no claims being made. As such, it is not possible to estimate any potential financial effect should such a claim arise in the future.

(c) Contingent assets - quantifiable

		General Government		*Total State*	
		2021	*2020*	*2021*	*2020*
		$M	*$M*	*$M*	*$M*
Nature of contingency					
Guarantees and indemnities	(i)	7,079	7,422	7,819	8,200
Other	(ii)	11	11	11	11
		7,089	**7,433**	**7,830**	**8,211**

(i) Guarantees

General Government Sector

Comparatives have been restated below to reflect MoG changes.

The Department of State Development, Infrastructure, Local Government and Planning holds bank guarantees totalling $230 million (2020: $143 million), made up of $79 million (2020: $67 million) in cash to ensure compliance with the *State Development and Public Works Organisation Act 1971*, $82 million (2020: $16 million) for financial support on projects across the department and $62 million (2020: $60 million) held by Economic Development Queensland (EDQ) for financial security against non-conformance of contracts.

The Financial Provisioning Scheme (FPS) manages the State's financial risk from the potential failure of a resource activity holder of an environmental authority or small-scale mining tenure to meet their rehabilitation and environmental obligations under various legislation. Over time, the scheme will also provide funds to support rehabilitation of abandoned mines and expand research into mine rehabilitation.

Queensland Treasury holds non-cash surety totalling $6.672 billion (2020: $6.975 billion), made up of bank guarantees $5.290 billion (2020: $6.331 billion) and insurance bonds $1.382 billion (2020: $644 billion).

The Department of Resources holds bank guarantees totalling $11 million (2020: $9 million) under the *Mineral Resources Act 1989* associated with the granting of resource authorities.

The Department of Environment and Science holds bank guarantees and insurance bonds of $36 million (2020: $32 million) under the *Environmental Protection Act 1994* and other acts.

The Department of Resources also holds bank guarantees totalling $19 million (2020: $19 million) under the *Land Act 1994*, the *Vegetation Management Act 1999* and *Regional Planning Interests Act 2014*.

The Department of Tourism, Innovation and Sport holds bank guarantees for financial support on projects as at 30 June 2021 of $6 million (2020: $214 million)

The Department of Health held guarantees of $8 million (2020: $9 million) from third parties which are related to capital projects.

43. Contingent assets and liabilities continued

(c) Contingent assets – quantifiable continued

***(i) Guarantees** continued*

General Government Sector continued

Queensland Treasury holds bank guarantees in relation to the Advance Queensland Industry Attraction Fund (AQIAF) and Jobs and Regional Growth Fund (JARGF) for financial security against non-conformance of grant agreements and other guarantees and bonds totalling $89 million (2020: $22 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 held bank guarantees on behalf of self-insurers totalling $467 million (2020: $468 million).

Queensland Rail held bank, insurance company and other guarantees of $191 million (2020: $220 million) mainly relating to construction contracts provided by third parties.

Energy Queensland Limited held bank guarantees totalling $83 million (2020: $90 million) relating to the construction of capital assets.

(ii) Other

General Government Sector

A non-recoverable loan of $11 million (2020: $11 million) paid to Construction Industry Skills Centre Pty Ltd is repayable to the State Government in circumstances contingent on the winding up of the company and related trust.

(d) Contingent assets - not quantifiable

General Government Sector

The Department of Regional Development, Manufacturing and Water and SunWater Limited share an 8.827 hectare site at Rocklea. Various agreements entered into since 2001 carry an obligation on SunWater Limited to provide a freehold portion of land to the department at no cost with sale proceeds from the surplus land payable to SunWater Limited. 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 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.

Legislative Assembly of Queensland held bank guarantees issued by contractors to protect against any potential non-performance of contractors.

Total State Sector

The following PNFC and PFC non-quantifiable contingent assets are in addition to the GGS item above.

Insurance claims

There are a number of insurance and other claims against external parties yet to be finalised in relation to various matters, including in relation to the 2011 flood class action.

Bank guarantees

SunWater Limited held a number of bank guarantees in the event of non-payment of services.

QIC performance fees

Performance fees are potentially receivable by QIC Limited subject to specific criteria being met over the performance period. If the performance criteria are not met over the performance period, no performance fee is receivable. At year end, based on performance to date, there remained a significant degree of uncertainty over whether performance targets will be achieved over the performance periods for some performance fee arrangements and it is not possible to estimate the financial effect of the contingent asset.

44. Post balance date events

COVID-19

The State continues to be impacted by the effects on the economy of the COVID-19 pandemic and the response necessary to counter those impacts.

Seqwater

On 8 September 2021, the NSW Court of Appeal overturned the original decision of the NSW Supreme Court regarding the findings of a breach of duty against, and in turn the liability of, Seqwater in relation to the 2011 Floods class action and ordered the plaintiff to pay the costs of Seqwater's appeal. The matter is still before the courts and therefore the final outcomes are not fully known. The claims by the plaintiff against both the State and SunWater Limited were settled by agreement in 2021.

QSuper

On 1 September 2021, the Treasurer introduced into parliament legislation that will amend the *Superannuation (State Public Sector) Act 1990* to allow the facilitation of the merger between QSuper and Sunsuper. The State guaranteed defined benefit members' entitlements will remain through QSuper.

2032 Summer Olympic and Paralympic Games

Brisbane was announced as the host for the 2032 Summer Olympic and Paralympic Games by the International Olympic Committee on 21 July 2021. Work is underway, in consultation with Games Partners, to confirm the financial implications for the delivery of the Games, including associated infrastructure.

45. Climate change

Climate change is a risk for the State. The impacts of climate change and the policy setting of governments have the potential to affect the State's ability to provide services to the community, the operations of State-owned businesses and the value of State assets. These impacts include long-term changes in climatic conditions, extreme weather events, and the policy positions taken by governments, regulators and society more generally to transition to a low carbon economy.

The State recognises the need to address climate change and has developed key policies and strategies in response. In July 2021, the Queensland Government released online its Climate Action Plan 2020-2030, outlining the State's priority investments and actions to reach its emissions reduction and renewable energy targets. The Climate Action Plan 2020-2030 builds on two foundational strategies released in 2017 - The Queensland Climate Transition Strategy (QCTS) and The Queensland Climate Adaptation Strategy (QCAS).

The QCAS focuses on helping Queensland prepare and adapt to climate change through understanding its impacts, managing the risks and harnessing the opportunities. It outlines how Queensland will prepare for current and future impacts of a changing climate that reduces risk and increases resilience. The QCTS is the Government's strategy for transitioning the State to a low carbon, clean growth economy. There are three key commitments under the QCTS: 50% renewable energy target by 2030, net zero emissions by 2050 and an interim emissions reduction target of at least 30% below 2005 levels by 2030.

The Queensland Sustainability Report will provide full details on the Government's commitments, targets and achievements on positive environmental, social and governance outcomes and related disclosures.

46. Financial risk management disclosure

The State's activities expose it to a variety of financial risks such as credit risk, liquidity risk and market risk (including interest rate risk, price risk and foreign exchange risk). The State's overall risk management objectives, policies and strategies focus on minimising financial risk exposures and seek to mitigate potential adverse effects. The diverse nature of the financing and investing activities undertaken by agencies across the Queensland Government supports a decentralised approach to risk management. Individual agencies are responsible for managing risks to which they are exposed.

Risk management strategies in relation to the State's financial assets and liabilities are summarised below. Additional risk management information can be found in individual agencies' general purpose financial reports.

(a) Credit risk

Credit risk exposure represents the potential loss that would be recognised if counterparties failed to meet contractual obligations in relation to receivables, loans and other financial assets. The State's major concentrations of credit risk are with the banking sector, the National Electricity Market, the electricity distribution market and the rural, business, not-for-profit, housing and health sectors. Credit risk is regularly assessed, measured and managed in strict accordance with credit risk policies.

46. Financial risk management disclosure continued

(a) Credit risk continued

Receivables and loans

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 followed up within specified timeframes ;
- bad debts are only written off once appropriate approval is obtained;
- the credit ratings of all counterparties are monitored and limits adjusted where necessary; and
- where possible, transactions are undertaken with a large number of counterparties to avoid concentrations of credit risks.

Credit risk in relation to loans and other financial assets is managed through regular analysis of borrowers, potential borrowers and financial market counterparties with respect to their ability to meet interest and capital repayment obligations. Where appropriate, collateral is obtained in the form of rights to securities, deeds of undertaking, letters of credit or guarantees.

Advances made under the COVID-19 Jobs Support Loans scheme have high credit risk exposure and are managed by credit assessment procedures, annual loan reviews, monitoring of arrears and requiring security on loans over $100,000. Repayments do not commence until April 2023. $50 million of COVID-19 Jobs Support Loans are credit-impaired as at 30 June 2021 (2020: nil).

Onlendings made to local governments, universities, grammar schools and private companies as part of the Industry Support Package are actively monitored through credit reviews and covenant monitoring to ensure all counterparties maintain adequate debt serviceability and long term financial stability.

The State also makes loans and advances to primary producers and small businesses at either commercial or concessional interest rates. The credit risk of the rural sector is mitigated through collateral in the form of real property mortgages.

Details of credit risk exposure and expected credit losses for receivables and loans are disclosed in Note 23.

Cash and securities

In respect of cash, deposits, securities, notes and derivatives, the State is exposed to significant concentrations of credit risk in the finance sector, in particular, the domestic banking sector. While the State has been focused on diversifying its investment portfolio, investments in bank credit predominate because of the State's requirement to invest with counterparties rated BBB+ or better and to invest in highly liquid securities. Key characteristics of these entities are monitored including their regulatory requirements, additional capital buffers, type of issuance and the impact of exigent developments such as COVID-19. A ratings based approach is used to determine maximum credit exposure, as well as the counterparty's credit metrics, country of domicile, size of its funding programs, asset composition and quality of the underlying security.

The credit exposure for derivative contracts, other than electricity derivatives, is based on a notional 'add-on' factor applied to the value of the instrument. The derivatives are marked-to-market daily with zero thresholds under all credit support annexes. The State utilises collateral arrangements to limit its derivative credit exposure.

The State'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:

2021	**Cash & equivalent** *$M*	**Financial assets** *$M*	**Derivatives** *$M*	**Total** *$M*	**% of Total**
AAA	-	2,070	-	**2,070**	8%
AA+	-	1,084	-	**1,084**	4%
AA	-	452	-	**452**	2%
AA-	11,803	7,456	48	**19,308**	72%
A+	-	2,957	13	**2,970**	11%
A	-	797	-	**797**	3%
Other	-	-	-	**-**	0%
	11,803	**14,816**	**61**	**26,681**	**100%**

46. Financial risk management disclosure continued

(a) Credit risk continued

Cash and securities continued

2020	Cash & equivalent $M	Financial assets $M	Derivatives $M	Total $M	% of Total
AAA	-	2,247	2	**2,249**	10%
AA+	-	838	-	**838**	3%
AA	-	-	-	**-**	0%
AA-	2,487	14,519	58	**17,064**	70%
A+	-	2,346	17	**2,363**	10%
A	-	1,760	-	**1,760**	7%
Other	-	115	-	**115**	0%
	2,487	**21,825**	**76**	**24,388**	**100%**

The State operates in the National Electricity Market, operated by the Australian Energy Market Operator, which has strict prudential guidelines that minimise the potential for credit related losses. This is supported by individual Government-owned corporation's (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 derivatives 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.

Collateral and other credit enhancements

The maximum exposure to credit risk for the GGS and TSS on recognised financial assets, including derivatives, without taking account of any collateral or other credit enhancements is the carrying amount of these assets on the Balance Sheet.

The State holds as security, collateral in the form of charges over real property, business stock and assets, cash deposits, and bank, insurance company and other guarantees. Refer to Note 43 for details of guarantees and indemnities.

Within the GGS, collateral is held in respect of $58 million (2020: $9 million) gross loans and advances that are credit-impaired, for which total expected credit losses of $42 million (2020: $2 million) is recognised after taking into account collateral. Approximately $6 million (2020: $7 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. Collateral is also transferred with derivative counterparties to reduce the TSS's credit exposure.

The TSS net impact of master netting arrangements is not material.

(b) Liquidity risk

Liquidity risk arises from the possibility that individual agencies may be unable to settle a transaction on the due date. A range of funding strategies is used to ensure funds are available, such as maintaining a sufficient level of cash holdings to fund unexpected cash flows. QTC maintains appropriate liquidity to meet minimum requirements for the following liquidity metrics, which are reviewed annually:

– Standard & Poor's Liquidity Ratio – maintaining a minimum ratio of liquid assets to debt serving requirements at all times over a rolling 12 month horizon;

– Forecast liquidity – maintaining a minimum liquidity balance sufficient to cover a stressed liquidity requirement over 90 calendar days of outflows; and

– Cash flow waterfall – maintaining positive cash equivalents net of all inflows and outflows over a set horizon.

46. Financial risk management disclosure continued

(b) Liquidity risk continued

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 cash flow maturities of financial liabilities are included in the tables below. They are calculated based on undiscounted cash flows relating to the repayment of principal and interest amounts outstanding at balance date:

General Government Sector
2021

	1 Year or Less $M	*1 to 5 Years* $M	*Over 5 Years* $M	*Total* $M	*Carrying Value* $M
Payables	7,731	139	-	7,870	7,870
Commonwealth advances	50	131	217	398	300
Lease liabilities	519	1,525	1,535	3,580	3,193
SCA - non-GORTO liabilities	79	323	703	1,105	694
Other liabilities at amortised cost	2,381	1,872	3,179	7,432	4,952
Borrowing with QTC	1,220	4,867	46,077	52,164	46,153
Derivatives	-	56	197	253	220
	11,980	**8,913**	**51,908**	**72,801**	**63,382**

2020

	1 Year or Less $M	*1 to 5 Years* $M	*Over 5 Years* $M	*Total* $M	*Carrying Value* $M
Payables	8,780	118	-	8,898	8,898
Commonwealth advances	82	135	248	465	354
Lease liabilities	947	2,895	1,344	5,186	3,015
SCA - non-GORTO liabilities	79	321	785	1,184	725
Other liabilities at amortised cost	1,730	1,785	3,372	6,887	4,237
Borrowing with QTC	3,835	5,117	37,663	46,614	37,570
Derivatives	-	67	141	209	198
	15,451	**10,438**	**43,553**	**69,442**	**54,995**

Total State Sector
2021

	1 year or less $M	*1 to 5 years* $M	*Over 5 years* $M	*Total* $M	*Carrying value* $M
Payables	9,685	203	-	9,888	9,888
Commonwealth advances	50	131	217	398	300
Lease liabilities	591	1,790	1,692	4,072	3,698
SCA - non-GORTO liabilities	79	323	703	1,105	694
Other liabilities at amortised cost	1,246	1,894	3,179	6,319	3,840
Government securities and other loans at fair value	18,466	49,850	71,834	140,149	129,155
Derivatives	2,861	748	737	4,345	1,805
	32,978	**54,937**	**78,361**	**166,276**	**149,380**

46. Financial risk management disclosure continued

(b) Liquidity risk continued

Total State Sector continued

2020	*1 year or less $M*	*1 to 5 years $M*	*Over 5 years $M*	*Total $M*	*Carrying value $M*
Payables	10,191	173	-	10,363	10,363
Commonwealth advances	82	135	248	465	354
Lease liabilities	1,018	3,215	1,508	5,740	3,565
SCA - non-GORTO liabilities	79	321	785	1,184	725
Other liabilities at amortised cost	239	1,818	3,372	5,428	2,779
Government securities and other loans at fair value	24,697	43,871	58,543	127,111	120,373
Derivatives	1,052	904	707	2,664	2,150
	37,357	**50,436**	**65,163**	**152,955**	**140,309**

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 Australian Government. The GGS is also exposed to interest rate risk through its deposits and fixed rate notes with QTC. The State Investment Advisory Board (SIAB) determines the investment objectives, risk profiles and strategy for the State Investment Operations of QTC within the framework provided by the Government. The expected rate of return on the portfolio on which the interest rate on the fixed rate notes is set, remains unchanged at 6.5%.

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 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 an $11 million (2020: $12 million) change in the GGS operating result and equity.

The GGS has fixed rate notes with QTC and other investments with QIC Limited that are exposed to interest rate changes and changes in the unit price of the funds managed. The rate on the fixed rate notes is reviewed annually and remains unchanged at 6.5%. Assuming all other variables remained constant, if the return on the notes moved by +/-1%, the GGS net operating balance would be approximately $352 million higher or lower (2020: $293 million). A +/-1% change in the market value of the underlying QIC investments on QTC's Balance Sheet would be reflected in an increment / decrement in the GGS other economic flows included in the operating result. If the return on other GGS investments, including with QIC, moved by +/-1%, the GGS operating result and equity would be approximately $31 million higher or lower (2020: $25 million).

GGS borrowing with QTC is in the form of fixed rate loans, generic debt pool borrowings (which are akin to fixed rate loans) or floating rate loans. Although the majority of the GGS borrowings are either fixed rate loans or generic debt pool loans, the Consolidated Fund bears the risk of movements between the fixed rate and market rate. Consequently, if interest rates on borrowing with QTC were to change by 1%, the effect on the GGS operating result and equity would be approximately $462 million (2020: $376 million).

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, which is managed with consideration given to duration risk, yield curve risk, basis risk and a value at risk (VaR) framework, complemented by other measures such as defined stress tests.

To manage the risk of non-parallel yield curve movements, QTC manages portfolio cash flows in a series of time periods so that the net interest rate risk in each time period can be measured. QTC enters into interest rate swaps, forward rate agreements and futures contracts to assist in the management of interest rate risk.

	Total State	
	2021	*2020*
	$M	*$M*
Interest rate risk VaR at 30 June	23	20
Average for the year	24	20
Financial year - minimum	16	12
Financial year - maximum	44	42

The effect of a 1% movement in interest rates on the TSS cash balances would result in a $124 million (2020: $30 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 +$474 million / -$470 million (2020: +$343 million / -$340 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) Commodity price risk

The State is exposed to commodity price risk resulting from changes in electricity, coal, gas, diesel, environmental certificate and other commodity prices.

As a result of its ownership of electricity generating Government-owned corporations, the State is exposed to electricity price risk. Electricity derivatives (price swaps, futures, caps and option contracts) are used to protect against movements in the price of electricity in the National Electricity Market. Longer term fixed price supply agreements are utilised to manage risk in relation to coal and gas. A variety of swaps, futures, options and forward exchange contracts are used to hedge against price fluctuations of other commodities, such as diesel fuel. The contracts are recognised at trade date and settled net, with cash flows expected within three years.

Each entity is responsible for its own risk management and may make varying assumptions in assessing its sensitivity to such movements. The agencies with a material impact for TSS are CS Energy Limited, Energy Queensland Limited, Stanwell Corporation Limited and CleanCo Queensland 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 is not material.

(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.

46. Financial risk management disclosure continued

(d) Foreign exchange risk

The State also borrows offshore to provide access to additional sources of funding and diversify risk and undertakes investments in foreign currency assets. Foreign exchange contracts and cross currency swaps are used to effectively manage the exposure to fluctuations in exchange rates.

The State's exposure to foreign exchange risk is not considered material due to the effectiveness of risk management strategies.

47. Net fair value of financial instruments

The carrying amounts of the GGS and TSS financial assets and financial liabilities by category are:

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Financial assets				
Amortised cost	8,499	7,609	21,289	9,961
FVTPL - designated upon initial recognition	3,095	2,296	77,004	71,162
FVTPL - mandatorily measured at FVTPL	37,815	26,217	-	-
FVTOCI - debt instruments	264	424	264	424
FVTOCI - equity instruments	21,434	21,576	6	6
	71,108	**58,121**	**98,563**	**81,553**
Financial liabilities				
Amortised cost	63,162	54,798	18,431	17,798
FVTPL - designated upon initial recognition	-	-	129,491	120,500
FVTPL - held for trading	220	198	1,458	2,012
	63,382	**54,995**	**149,380**	**140,309**

The carrying amounts of GGS and TSS financial assets and liabilities, including cash, deposits, receivables and payables, equate approximately to their net fair value, except as outlined below:

General Government Sector	***Carrying amount***	***Fair value***	***Carrying amount***	***Fair value***
	2021	*2021*	*2020*	*2020*
	$M	*$M*	*$M*	*$M*
Financial assets				
QRIDA loans	1,165	1,309	1,155	1,320
Financial liabilities				
Borrowing with QTC	46,153	49,277	37,570	42,468

Total State Sector	***Carrying amount***	***Fair value***	***Carrying amount***	***Fair value***
	2021	*2021*	*2020*	*2020*
	$M	*$M*	*$M*	*$M*
Financial assets				
QRIDA loans	1,165	1,309	1,155	1,320

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.

47. Net fair value of financial instruments continued

The three levels of fair value hierarchy reflect the significance of the inputs used to determine the valuation of these instruments.

- Level 1: represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2: represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly; and
- Level 3: represents fair value measurements that are substantially derived from inputs that are not based on observable market data.

Level 1

The fair value of financial assets and liabilities with standard terms and conditions and traded in an active market is based on unadjusted quoted market prices. Financial instruments in this category include certain equity and debt investments where quoted prices are available from an active market, such as publicly traded derivatives, short-term and tradeable bank deposits, actively traded Commonwealth and semi-Government bonds and 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 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, including forward exchange contracts, commodity swaps, interest rate and cross currency swaps and some electricity derivatives.

Level 3

Where financial instruments are measured using valuation techniques based on unobservable inputs or observable inputs to which significant adjustments have been applied, such instruments are included in Level 3 of the fair value hierarchy. These may include some unit trusts, power purchase agreements and other electricity derivative contracts.

Valuation policies and procedures of the GGS and TSS are developed and reviewed by management of respective agencies. Major valuation techniques adopted by the GGS and TSS include market comparison techniques, option valuation models, forecasting, estimated discounted cash flow techniques, and extrapolation, scalar and translation techniques. There have been no material changes in the above valuation techniques used during the year.

Significant valuation inputs used to value financial instruments categorised within Level 2 and Level 3 of the fair value hierarchy are:

- Interest rates;
- Trading margins;
- Exchange rates;
- Market indices;
- Credit spreads;
- Expected cash flows;
- Discount rates
- Exchange traded market prices;
- Broker quotes or market prices for similar instruments;
- Credit risk
- Forward curve prices;
- Electricity settled prices;
- Forecast generation;
- Extrapolation rates;
- Scalar and translation factors;
- Market volatility;
- Renewable energy targets; and
- Emerging technologies

47. Net fair value of financial instruments continued

The following table presents the GGS and TSS financial assets and liabilities recognised and measured at fair value.

General Government Sector	***Level 1***	***Level 2***	***Level 3***	***Total***
	$M	*$M*	*$M*	*$M*
2021				
Assets				
Financial assets at fair value through profit or loss				
Rental purchase plan	-	184	-	184
Other investments	208	2,578	37,940	40,726
Financial assets at fair value through equity				
Corporate bonds	264	-	-	264
	472	**2,763**	**37,940**	**41,174**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	220	220
	-	**-**	**220**	**220**
2020				
Assets				
Financial assets at fair value through profit or loss				
Rental purchase plan	-	186	-	186
Other investments	161	1,826	26,339	28,327
Financial assets at fair value through equity				
Corporate bonds	424	-	-	424
	585	**2,012**	**26,339**	**28,936**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	-	-	198	198
	-	**-**	**198**	**198**

47. Net fair value of financial instruments continued

Total State Sector

	Level 1 *$M*	*Level 2* *$M*	*Level 3* *$M*	*Total* *$M*
2021				
Assets				
Financial assets at fair value through profit or loss				
Rental purchase plan	-	184	-	184
Derivatives	881	424	17	1,321
Securities and bonds	8,360	3,140	-	11,499
Loans	-	10,851	-	10,851
Other investments	957	33,243	18,949	53,148
Financial assets at fair value through equity				
Corporate bonds	264	-	-	264
	10,461	**47,841**	**18,966**	**77,268**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	1,082	322	398	1,802
Deposits	-	6,387	-	6,387
Government securities issued	100,786	21,597	-	122,383
Borrowings	-	373	-	373
	101,869	**28,678**	**398**	**130,945**
2020				
Assets				
Financial assets at fair value through profit or loss				
Rental purchase plan	-	186	-	186
Derivatives	1,007	805	83	1,895
Securities and bonds	14,147	2,966	-	17,113
Shares	270	-	-	270
Loans	-	10,710	-	10,710
Other investments	566	25,994	14,430	40,989
Financial assets at fair value through equity				
Corporate bonds	424	-	-	424
	16,413	**40,660**	**14,513**	**71,586**
Liabilities				
Financial liabilities at fair value through profit or loss				
Derivatives	1,066	847	237	2,150
Deposits	-	7,172	-	7,172
Government securities issued	93,758	19,117	-	112,875
Borrowings	-	314	-	314
	94,824	**27,450**	**237**	**122,511**

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.

47. Net fair value of financial instruments continued

The following table presents the net changes in Level 3 instruments:

	General Government		Total State	
	2021	2020	2021	2020
	$M	$M	$M	$M
Opening balance asset / (liability)	26,141	29,375	14,276	16,868
Purchases	8,943	-	118	218
Sales	(2,021)	(1,845)	(3)	(98)
Settlements	-	-	4,124	235
Movements in other comprehensive income	-	-	(49)	42
Movements recognised in profit or loss	4,657	(1,389)	108	(2,967)
Transfers out of Level 3 into Level 2	-	-	(5)	(23)
Closing balance asset / (liability)	**37,720**	**26,141**	**18,568**	**14,276**

The sensitivity of the State's financial instruments is disclosed in Note 46.

48. Retirement benefit obligations

Retirementbenefit liabilities include the following final salary defined benefit schemes:

- State Public Sector Superannuation Scheme (QSuper);
- Pensions provided in accordance with the *Judges (Pensions and Long Leave) Act 1957* (Judges' Scheme);
- Pensions provided in accordance with the *Governors (Salary and Pensions) Act 2003* (Governors' Scheme); and
- Energy Super Fund (ESF).

QSuper, Judges' Scheme and Governors' Scheme

The State Public Sector Superannuation Fund (QSuper) defined benefit scheme provides accrued benefits based on a member's salary, contribution rate and length of membership. State Government budget-dependent agencies, together with certain statutory bodies and GOCs (excluding principally the Queensland electricity supply industry), make employer contributions as required.

QSuper is a regulated defined benefit scheme under the prudential supervision of the Australian Prudential Regulation Authority (APRA) and is subject to the *Superannuation Industry (Supervision) Act 1993* and Regulations. The provisions of the *Superannuation (State Public Sector) Act 1990* and the *Superannuation (State Public Sector) Deed 1990* govern the operation of QSuper. The QSuper Board of Trustees is responsible for the management of QSuper.

The QSuper scheme is currently assessed annually by the State Actuary. The latest actuarial review of the QSuper scheme was as at 30 June 2020 and was presented in a report dated 2 December 2020.

The QSuper defined benefit account is closed to new members.

The Judges' Scheme provides defined benefit pension entitlements to serving judges, Crime and Corruption Commission Queensland Commissioners and Parole Board President and the Deputy Presidents and is governed by the provisions of the *Judges (Pensions and Long Leave) Act 1957*, the *Crime and Corruption Act 2001* and the *Corrective Services Act 2006*. The Judges' Scheme is a wholly unfunded scheme. Due to materiality, the Governors' pension payable is included with the Judges' Scheme liabilities.

These schemes expose the State to the following:

- Inflation risk - the defined benefit obligations are linked to employees' salaries and therefore the net liability position can be adversely affected by an increase in the defined benefit obligation resulting from unexpected wage inflation. Similarly, the proportion of the defined benefit obligation linked to the consumer price index (pensions) is also subject to the risk of unexpected price inflation;
- Interest rate risk - a decrease in the discount rate will increase the defined benefit obligations;
- Investment risk - resulting from the mismatch between the current investment strategy and the liabilities; and
- Demographic risk - resulting from unexpected employee movements.

48. Retirement benefit obligations continued

QSuper, Judges' Scheme and Governors' Scheme continued

QSuper also incorporates defined contribution categories, for which the State has no further legal or constructive obligation other than to pay contributions. These liabilities and assets have been accounted for in accordance with the standards relevant to defined contribution schemes. In particular, no assets or liabilities relating to the funded defined contribution scheme have been included in the Balance Sheet. The expense relating to these schemes is the amount of employer contributions.

Energy Super Fund

Queensland electricity entities contribute to an industry multiple employer superannuation fund, the Energy Super Fund (ESF). The ESF was formed on 1 April 2011 with the merger of the Electricity Supply Industry Superannuation Fund (QLD) (ESI Super) and Superannuation Plan for Electrical Contractors (SPEC Super). Members are entitled to benefits from the fund on retirement, resignation, retrenchment, disability or death.

ESF is regulated by APRA under the *Superannuation Industry (Supervision) Act 1993*.

The defined benefit account (which is now closed to new members) of this fund is a funded plan which provides defined lump sum benefits based on years of service and average final salary. Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. The actuary has adopted the aggregate funding method to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. This funding method seeks to have benefits funded by a total contribution which is expected to be a constant percentage of members' salaries and wages over their working lifetimes. Actuarial assessments are made at no more than three yearly intervals, with the most recent actuarial assessment undertaken as at 30 June 2019 by Mercer Consulting (Australia) Pty Ltd.

The ESF does not impose a legal liability on employer agencies to cover any deficits that may exist in the Fund. If the Fund was to be wound up, there would be no legal obligation on employer agencies to make good any shortfall. The Trust Deed of the Fund states that if the Fund is terminated, after payment of all costs and member benefits in respect for the period up to the date of termination, any remaining assets are to be distributed by the Trustees of the Fund, acting on the advice of the actuary, to participating employers.

Employer agencies may benefit from any surplus in the Fund in the form of a contribution reduction or contribution holiday. Any reduction in contributions would normally be implemented only after advice from the Fund's actuary.

The defined benefit account of this Fund is closed to new members.

On 1 July 2021, Energy Super Fund and LGIASuper merged, creating one fund which is managed by LGIASuper Trustee.

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Present value of the defined benefit obligation				
QSuper DB	32,713	32,355	32,713	32,355
Judges	1,155	1,003	1,155	1,003
ESF	-	-	934	968
Total present value of the defined benefit obligation	**33,868**	**33,358**	**34,802**	**34,326**
Fair value of plan assets				
QSuper DB	6,546	5,558	6,546	5,558
ESF	-	-	1,207	1,120
Total fair value of the plan assets	**6,546**	**5,558**	**7,753**	**6,678**
Defined benefit obligation Liability/(Asset) recognised in Balance Sheet				
QSuper DB	26,167	26,797	26,167	26,797
Judges	1,155	1,003	1,155	1,003
ESF	-	-	(273)	(152)
Liability/(Asset) recognised in Balance Sheet	**27,322**	**27,800**	**27,049**	**27,648**

48. Retirement benefit obligations continued

	General Government		*Total State*	
	2021	*2020*	*2021*	*2020*
	$M	*$M*	*$M*	*$M*
Reconciliation of the present value of the defined benefit obligation				
Opening balance	33,358	33,958	34,326	34,880
Current service cost	806	964	837	995
Contributions by plan participants	175	183	185	194
Interest cost	294	435	313	458
Benefits paid (including contributions tax)	(2,312)	(2,102)	(2,379)	(2,167)
Actuarial (gain)/loss	1,547	(81)	1,520	(34)
Closing balance	**33,868**	**33,358**	**34,802**	**34,325**
Reconciliation of the fair value of plan assets				
Opening balance	5,558	6,349	6,677	7,534
Return on plan assets at discount rate	48	81	70	108
Return on plan assets above/(below) discount rate (actuarial gain)	1,345	(700)	1,465	(744)
Employer contributions - State share of beneficiary payments	1,707	1,723	1,707	1,723
Employer contributions	-	-	3	6
Contributions by plan participants	175	183	185	193
Benefits paid (including contributions tax)	(2,286)	(2,079)	(2,354)	(2,143)
Closing balance	**6,546**	**5,558**	**7,753**	**6,678**
Present value of the obligation by funding policy				
Present value of the obligation - wholly unfunded	1,155	1,003	1,155	1,003
Present value of the obligation - wholly/partly funded	26,167	26,797	25,894	26,645
	27,322	**27,800**	**27,049**	**27,648**
Amounts recognised in Operating Statement				
Current service cost (including employer contributions)	806	964	837	995
Superannuation interest cost	246	354	243	349
Total amounts recognised in Operating Statement	**1,052**	**1,318**	**1,080**	**1,343**
Remeasurements of net defined benefit obligation				
Actuarial gain/(loss) due to changes in demographic assumptions	211	-	211	-
Actuarial gain/(loss) due to changes in financial assumptions	(1,473)	169	(1,460)	148
Actuarial gain/(loss) due to changes in experience adjustments	(285)	(88)	(271)	(113)
Return on plan assets above/below discount rate	1,345	(700)	1,464	(744)
Amounts recognised in Statement of Changes in Net Assets (Equity)	**(202)**	**(619)**	**(55)**	**(709)**

48. Retirement benefit obligations continued

Plan Asset Allocations

The State Public Sector Superannuation Scheme holds investments with the following asset allocations:

	Quoted *2021* *$M*	**Unquoted** *2021* *$M*	**Quoted** *2020* *$M*	**Unquoted** *2020* *$M*
Global equities	5,335	-	4,317	-
Global private equity	-	69	-	69
Global real estate	-	905	-	892
Cash and fixed interest	-	237	-	280
	5,335	**1,211**	**4,317**	**1,241**

QSuper plan assets are those held within the QSuper Trust Fund only. QSuper holds investments in unit trusts that hold financial instruments issued by the State. These instruments are difficult to value accurately and are immaterial in proportion to the value of the unit trusts. In addition, these trusts own properties which are used by Government agencies. Again, the exact values attributable to these tenancies are difficult to determine accurately, nor do they represent a material proportion of the fair value of plan assets.

No plan assets are held in respect of the Judges' Scheme or Governors' Pensions.

The major categories of Energy Super Fund plan assets are as follows:

	2021 *$M*	*2020* *$M*
Global equities	495	548
Cash and fixed interest	265	191
Real estate	97	90
Other	350	291
	1,207	**1,120**

	QSuper DB *2021* *$M*	**QSuper DB** *2020* *$M*	**ESF** *2021* *$M*	**ESF** *2020* *$M*
Actual return on plan assets	1,393	(618)	142	(17)

The estimate of employer contributions to be paid in 2021-22 is $1.975 billion for QSuper DB and $2 million for ESF.

At 30 June 2021, the weighted average duration of the QSuper defined benefit obligation is 9 years (2020: 8.9 years).

Principal actuarial assumptions at:	**QSuper DB** *2021*	**QSuper DB** *2020*	**Judges** *2021*	**Judges** *2020*	**ESF** *2021*	**ESF** *2020*
Discount rate (gross)	1.50%	0.90%	1.50%	0.90%	1.7 - 2.5%	1.9 - 2.3%
Future inflationary salary increases	3.10%	2.00%	3.10%	2.00%	3.00%	3.00%
Expected CPI increases	2.10%	1.00%	N/A	N/A	N/A	N/A

48. Retirement benefit obligations continued

Sensitivity Analysis for each significant actuarial assumption

	QSuper DB *2021* *$M*	**Judges** *2021* *$M*
Change in defined benefit obligation brought about by a 1% increase in:		
Discount rate	(2,672)	(174)
Future inflationary salary increases	2,761	215
Expected CPI increases	225	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 (92% of benefit payments and capitalised new pensions) as per the relevant actuarial investigation for funding purposes.

Under the Debt Action Plan announced in the 2015-16 Budget, the Government suspended for five years, commencing in 2015-16, the investment of defined benefit employer contributions. Investment of defined benefit employer contributions recommenced in the 2020-21 financial year.

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 2021 relating to the GGS entities listed in Note 50 totalled 241,288 (2020: 238,237). Per Budget Paper 2, Table 5.2, the estimated number of full time equivalents at 30 June 2021 was 238,673. Using the same scope as Budget Paper 2, the actual number of full time equivalents is 235,394 (2020: 232,426).

The number of Total State full time equivalent employees at 30 June 2021 relating to the consolidated entities listed in Note 50 totalled 262,815 (2020: 259,644).

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:

	2021 *$M*	*2020* *$M*
Short-term benefits	6	6
Post-service benefits	1	1
Total	**7**	**7**

49. Related parties and Ministerial remuneration continued

Key Management Personnel continued

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 24(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, with the related receivables per Note 23(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 22.

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 of the notes in the Balance Sheet is disclosed in Note 24(a). The rate on the fixed rate notes is also discussed in Note 46(c)(i).

The GGS receives competitive neutrality fees from entities within the PNFC and PFC sector which are included in guarantee fees per Note 3. GGS payroll tax revenue per Note 3 includes $132 million (2020: $125 million) from entities within PNFC and PFC Sectors. GGS sales of goods and services (including revenue from contracts with customers) with the PNFC Sector are included in Note 5.

Expenses and liabilities

The GGS has borrowings with QTC. Note 13 discloses the interest expense which is predominantly with QTC and the borrowing balances are shown in Note 37(c). Further information on the terms of the QTC loans can be found in Note 46(c)(i).

Under the State's cash management regime, GOCs advance surplus cash to the GGS. The GGS pays interest on these advances at the QTC Cash Fund rate. The balance outstanding on these GOC advances is per Note 37(b).

The GGS has a transport service contract expense with Queensland Rail, disclosed in Note 11, and pays community service obligations to electricity and water PNFC entities as per Note 14. Electricity expenses, also disclosed in Note 11, are paid by the GGS to electricity entities in the PNFC Sector.

Workers' compensation premiums are paid to WorkCover by the GGS as per Note 9.

Equity injections and withdrawals

During the year, the GGS invested $147 million in Powerlink Queensland to partially fund the construction of the transmission line connection of the Genex Clean Energy hub in North Queensland to the national electricity grid. In addition, $50 million was invested in the National Injury Insurance Scheme, a PFC, and $45 million in Port of Townsville. Dividends treated as capital returns are disclosed in Note 19.

Other

In April 2021, the GGS entered into a Debt Retirement Fund Fixed Rate Note (FRN) with QTC to support the first Queensland Future Fund – the Debt Retirement Fund (DRF). $1.5 billion of funding for the DRF came from surplus defined benefit assets already held by the GGS. $206 million of shares held in the PNFC sector were transferred at market value to the GGS and contributed to the DRF. In June 2021, the GGS transferred its Titles Registry operations to QTC. QTC subsequently transferred the holdings in the Titles Registry (valued at $8 billion) into a unit trust managed by Queensland Investment Corporation. In consideration, QTC increased the value of the DRF FRN and Long Term Asset FRN for 75 per cent and 25 per cent respectively of the fair value of the Titles Registry.

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 $100 million (2020: $75 million).

However, in addition to material entities, the State consolidates some entities which are not material in terms of the operating position or net asset position criteria if they are either a department or if they are funded for the delivery of services.

When financial results are available in respect of non-material entities, they are reviewed with the aim of including any newly material entities in the following year's consolidated financial statements.

Newly created entities that are expected to meet the materiality criteria on the basis of their initial budget estimates are included in the consolidated financial statements from the time of their establishment.

The GGS has 100% ownership and voting power in other Queensland public sector entities, classified as either PNFCs or PFCs.

The following controlled entities of the Government have been included in the consolidated financial statements for the year ended 30 June 2021. The list has been classified by activity sectors as outlined in Note 1(c). Entities denoted with an asterisk are consolidated with the accounts of the preceding entity.

General Government

Departments

Aboriginal and Torres Strait Islander Partnerships (Abolished as at 12 November 2020)
Agriculture and Fisheries
Children, Youth Justice and Multicultural Affairs (Renamed as at 12 November 2020)
Communities, Housing and Digital Economy (Renamed as at 12 November 2020)
  * Arts Queensland
  * CITEC - commercialised business unit
  * Corporate Administration Agency - shared service provider
  * Queensland Shared Services - shared service provider
Education
  * Australian Music Examinations Board
Employment, Small Business and Training
Energy and Public Works (Established 12 November 2020)
  * QBuild - commercialised business unit
  * QFleet - commercialised business unit
Environment and Science
Justice and Attorney-General
Premier and Cabinet
  * Screen Queensland Pty Ltd
Public Safety Business Agency (Abolished as at 1 July 2021)
Queensland Corrective Services
Queensland Fire and Emergency Services
Queensland Health
Queensland Police Service
Queensland Treasury
Regional Development, Manufacturing and Water (Renamed as at 12 November 2020)
Resources (Renamed as at 12 November 2020)
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
  (Renamed as at 12 November 2020)
State Development, Infrastructure, Local Government and Planning (Renamed as at 12 November 2020)
  * Economic Development Queensland - commercialised business unit
Tourism, Innovation and Sport (Renamed as at 12 November 2020)
Transport and Main Roads
  * RoadTek - commercialised business unit
Youth Justice (Abolished as at 12 November 2020)

50. Controlled entities continued

Other General Government entities

Board of the Queensland Museum
* Queensland Museum Foundation Trust
Crime and Corruption Commission
Cross River Rail Delivery Authority
Electoral Commission of Queensland
Gold Coast Waterways Authority
Hospital and Health Services
Cairns and Hinterland
Central Queensland
Central West
Children's Health Queensland
Darling Downs
Gold Coast
Mackay
Metro North
Metro South
North West
South West
Sunshine Coast
Torres and Cape
Townsville
West Moreton
Wide Bay
Human Rights Commission
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 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
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

50. Controlled entities continued

Public Non-financial Corporations

CleanCo Queensland Limited
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
* T75 CS Energy Segregated Cell

Energy Queensland Limited
* Energex Limited
* Ergon Energy Corporation Limited
* Ergon Energy Queensland Pty Ltd
* SPARQ Solutions Pty Ltd
* Varnsdorf Pty Ltd
* VH Operations Pty Ltd
* Yurika Pty Ltd
* Metering Dynamics Pty Ltd
* Ergon Energy Telecommunications Pty Ltd

Far North Queensland Ports Corporation Limited
Gladstone Area Water Board
Gladstone Ports Corporation Limited
* Gladstone Marine Pilot Services Pty Ltd

Mount Isa Water Board
North Queensland Bulk Ports Corporation Limited
* Ports Corporation of Queensland Limited (dormant)
* Mackay Ports Limited (dormant)

Port of Townsville Limited
Powerlink Queensland
* Harold Street Holdings Pty Ltd
* Powerlink Transmission Services Pty Ltd
* Queensland Capacity Network Pty Ltd

Queensland Bulk Water Supply Authority (trading as Seqwater)
Queensland Rail
* Queensland Rail Limited
  * On Track Insurance Pty Ltd

Queensland Treasury Holdings Pty Ltd (controlled entity of Queensland Treasury)
* Brisbane Port Holdings Pty Ltd
* City North Infrastructure Pty Ltd (dormant)
* DBCT Holdings Pty Ltd
* 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

50. Controlled entities continued

Public Non-financial Corporations continued

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 European Investment Services Limited
* QIC Infrastructure Management Pty Ltd
* QIC Infrastructure Management No.2 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
* QICP Pty Ltd
* QIC Retail Pty Ltd
* QIC (UK) Management Limited
* QIC US Management, Inc.
    * QIC Corporate Management, Inc.
    * QIC Global Infrastructure (US), Inc.
    * QIC Non-Member Manager LLC
    * QIC Properties US, Inc.
    * QIC QGIF GP Co No. 1 Inc
    * QIC US Investment Services Inc
    * QIC US Private Equity, LLC
    * QIC US Private Equity No. 2 LLC
    * QIC US Regional Shopping Center Fund GP LLC
    * QIC US Shopping Centre Fund No.1 GP LLC
    * South Bay Managing Member LLC

The National Injury Insurance Agency, Queensland
Queensland Treasury Corporation
WorkCover Queensland

51. Reconciliation to GFS

As required by AASB1049, the purpose of this note is to reconcile the key aggregates per AASB1049 to the calculations in terms of the GFS Manual.

With the introduction of AASB16 *Leases*, former operating leases are now recorded on the Balance Sheet and lease expenses have been reallocated from supplies and services to lease amortisation and lease finance charges. This is inconsistent with the GFS Manual, resulting in convergence differences. It would be a significant administrative burden for the State to continue to track operating leases solely for the purposes of these reconciliations, so the impact of AASB16 is not shown in these reconciliations.

The following reconciliations to GFS are determined in accordance with the ABS GFS Manual.

(a) Reconciliation to GFS Net Operating Balance

	Notes	GGS	PNFC	PFC	Elims	TSS
		$M	*$M*	*$M*	*$M*	*$M*
2021						
Net result from transactions						
Net operating balance (as per Operating Statement)		(937)	1,162	(2,656)	(831)	(3,262)
Convergence differences						
Other operating expenses - onerous contract	i	-	(14)	-	-	(14)
Other property expenses - income transferred by Public Enterprises as dividends	ii	-	(735)	(95)	831	-
Total convergence differences		-	(749)	(95)	831	(14)
GFS Net Operating Balance		**(937)**	**413**	**(2,751)**	**-**	**(3,276)**

51. Reconciliation to GFS continued

(a) Reconciliation to GFS Net Operating Balance continued

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	TSS $M
2020						
Net result from transactions						
Net operating balance (as per Operating Statement)		(5,728)	928	(3,211)	(1,180)	(9,191)
Convergence differences						
Other operating expenses - onerous contract	i	-	-	-	-	-
Other property expenses - income transferred by Public Enterprises as dividends	ii	-	(1,086)	(94)	1,180	-
Total convergence differences		-	(1,086)	(94)	1,180	-
GFS Net Operating Balance		**(5,728)**	**(158)**	**(3,305)**	**-**	**(9,191)**

Notes:

The convergence differences comprise:

(i) The Operating Statement treats onerous contract expenses as other economic flows included in the operating result. GFS only recognises expenses from transactions when payments are made from the provision. This difference flows through to the TSS.

(ii) GFS treats dividends to owners as an expense, whereas in the Operating Statement, they are treated as a distribution to owners and therefore a direct debit to equity. The differences do not flow through to the TSS as they arise from inter-sector transactions.

An elimination difference arises in respect of social benefits of $40 million (2020: $39 million) in the GGS and $140 million (2020: $226 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	TSS $M
2021						
Fiscal Balance (as per Operating Statement)		(5,015)	637	(2,650)	(858)	(7,886)
Convergence differences						
Relating to net operating balance		-	(749)	(95)	831	(14)
Purchases of non-financial assets	i	(114)	-	-	-	(114)
Sales of non-financial assets	i	98	-	-	-	98
Change in net inventories	i, ii	(28)	-	-	-	(28)
GFS Fiscal Balance		**(5,059)**	**(112)**	**(2,745)**	**(27)**	**(7,944)**
2020						
Fiscal Balance (as per Operating Statement)		(9,164)	305	(3,204)	(1,200)	(13,263)
Convergence differences						
Relating to net operating balance		-	(1,086)	(94)	1,180	-
Purchases of non-financial assets	i	(129)	-	-	-	(129)
Sales of non-financial assets	i	94	-	-	-	94
Change in net inventories	i, ii	(6)	-	-	-	(6)
GFS Fiscal Balance		**(9,205)**	**(781)**	**(3,298)**	**(19)**	**(13,304)**

51. Reconciliation to GFS continued

(b) Reconciliation to GFS Fiscal Balance continued

Notes:

The convergence differences comprise:

(i) GFS treats purchases and sales of land inventories and assets held for rental and subsequently held for sale as purchases and sales of non-financial assets. These are reflected in changes in net inventories for AASB 1049.

(ii) For AASB 1049, change in net inventories includes total changes in the balance of land inventories and assets held for rental and subsequently held for sale.

(c) Reconciliation to GFS Net Worth

	Notes	GGS *$M*	PNFC *$M*	PFC *$M*	Elims *$M*	TSS *$M*
2021						
Net Worth (as per Balance Sheet)		209,625	18,655	2,775	(29,344)	201,710
Convergence differences						
Financial assets						
Investment in other entities	i	5,594	-	-	(5,594)	-
Non-financial assets						
Restoration assets	ii	(2)	(130)	-	-	(132)
Deferred tax assets	iii	(6,549)	(1,535)	(108)	8,191	-
SCA - GORTO	iv	(9,939)	-	-	-	(9,939)
Liabilities						
Deferred tax liabilities	v	1,642	6,530	19	(8,192)	-
Restoration provision	vi	1	682	-	-	683
Provision for onerous contracts	vii	-	136	-	-	136
Service concession liabilities	viii	7,633	-	-	-	7,633
Shares and other contributed equity	ix	-	(24,338)	(2,686)	27,023	-
Total convergence differences		(1,619)	(18,655)	(2,775)	21,429	(1,619)
GFS Net Worth		**208,006**	**-**	**-**	**(7,915)**	**200,091**
2020						
Net Worth (as per Balance Sheet)		195,646	18,991	2,580	(32,786)	184,430
Convergence differences						
Financial assets						
Investment in other entities	i	5,632	-	-	(5,632)	-
Non-financial assets						
Restoration assets	ii	(1)	(223)	-	-	(225)
Deferred tax assets	iii	(6,121)	(908)	(167)	7,196	-
SCA - GORTO	iv	(10,030)	-	-	-	(10,030)
Liabilities						
Deferred tax liabilities	v	1,074	6,091	29	(7,196)	-
Restoration provision	vi	1	748	-	-	748
Provision for onerous contracts	vii	-	62	-	-	62
Service concession liabilities	viii	7,866	-	-	-	7,866
Shares and other contributed equity	ix	-	(24,760)	(2,442)	27,202	-
Total convergence differences		(1,579)	(18,991)	(2,580)	21,570	(1,579)
GFS Net Worth		**194,067**	**-**	**-**	**(11,216)**	**182,851**

51. Reconciliation to GFS continued

(c) Reconciliation to GFS Net Worth continued

Notes:

The convergence differences comprise:

(i) The measurement of equity investments in other public sector entities differs for GFS in that, for example, net restoration provisions, onerous contract provisions and deferred income tax balances are not recognised in net worth under GFS. In addition, the negative net worth of the individual public sector entities is included in the GGS valuation of those entities.

Reconciliation of GAAP GGS investments in other public sector entities to GFS:

	General Government	
	2021	*2020*
	$M	*$M*
Investments in other public sector entities under GAAP	21,429	21,570
Add net deferred tax equivalent liabilities reported by PNFC and PFC	4,907	5,047
Add provisions for onerous contracts recorded by PNFC and PFC	136	62
Add net restoration costs	551	524
Investments in other public sector entities under GFS	**27,023**	**27,202**

(ii) GFS does not recognise restoration assets, whereas restoration assets have been recognised in the Balance Sheet. This difference flows through to the TSS.

(iii) GFS does not recognise deferred tax assets, whereas deferred tax assets are classified as non-financial assets in the Balance Sheet. The difference does not flow through to the TSS as it arises from inter-sector transactions.

(iv) GFS does not recognise SCA – GORTO assets whereas these have been recognised in the Balance Sheet.

(v) GFS does not recognise deferred tax liabilities, whereas deferred tax liabilities are classified as non-financial liabilities in the Balance Sheet. The difference does not flow through to the TSS as it arises from inter-sector transactions.

(vi) GFS does not recognise restoration provisions, whereas restoration provisions have been recognised in the Balance Sheet. This difference flows through to the TSS.

(vii) 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.

(viii) GFS does not recognise SCA – GORTO liabilities whereas these are recognised on the Balance Sheet.

(ix) GFS measures net worth as assets less liabilities less shares/contributed equity. Shares/contributed equity are not deducted under Australian Accounting Standards.

The change in net worth is listed in AASB 1049 as a key aggregate, a separate reconciliation of the Change in net worth per the Balance Sheet compared to GFS has not been prepared as it is evident from the two years of net worth reported above.

(d) Reconciliation to GFS Cash Surplus/(Deficit)

	Notes	**GGS**	**PNFC**	**PFC**	**Elims**	**TSS**
		$M	*$M*	*$M*	*$M*	*$M*
2021						
Cash surplus/(deficit)		(6,401)	(662)	(1,657)	(6)	(8,726)
Convergence differences						
Acquisitions under finances leases and similar arrangements	i	(1,547)	(18)	(11)	-	(1,576)
GFS Cash Surplus/(Deficit)		**(7,948)**	**(680)**	**(1,669)**	**(6)**	**(10,303)**

51. Reconciliation to GFS continued

(d) Reconciliation to GFS Cash Surplus/(Deficit) continued

	Notes	GGS $M	PNFC $M	PFC $M	Elims $M	TSS $M
2020						
Cash surplus/(deficit)		(6,228)	(1,248)	(1,850)	9	(9,317)
Convergence differences						
Acquisitions under finances leases and similar arrangements	i	(1,263)	(54)	(4)	-	(1,320)
GFS Cash Surplus/(Deficit)		**(7,491)**	**(1,302)**	**(1,854)**	**9**	**(10,638)**

Notes:

The convergence differences comprise:

(i) The convergence differences arise because GFS recognises a notional cash outflow relating to new finance leases and similar arrangements in calculating cash surplus/(deficit), whereas the Cash Flow Statement does not recognise notional cash flows. This total difference flows through to the TSS.

52. Expenses from transactions by function

	General Government		*Total State*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*
General public services	4,801	6,917	9,576	11,848
Public order and safety	5,973	5,612	5,859	5,512
Economic affairs	1,957	1,985	7,959	7,864
Environmental protection	979	942	978	926
Housing and community amenities	1,047	906	1,713	2,033
Health	20,148	19,256	19,970	19,085
Recreation, culture and religion	815	919	908	1,000
Education	15,430	15,376	15,294	15,244
Social protection	5,577	4,992	6,325	5,648
Transport	6,940	6,601	6,991	6,814
	63,669	**63,505**	**75,573**	**75,973**

53. Sector assets by function

	General Government		*Total State*	
	2021 $M	*2020 $M*	*2021 $M*	*2020 $M*
General public services[1]	55,338	42,822	81,404	65,734
Public order and safety	8,637	8,671	8,476	8,399
Economic affairs	10,379	10,166	43,732	43,767
Environmental protection	79,123	77,652	79,082	77,572
Housing and community amenities	19,107	18,723	32,732	32,381
Health	16,827	16,397	16,687	16,340
Recreation, culture and religion	4,720	4,579	5,443	5,209
Education	26,471	24,754	26,454	24,746
Social protection	3,016	2,927	5,253	4,506
Transport	98,114	91,570	107,994	101,036
	321,731	**298,262**	**407,257**	**379,691**

[1]For GGS, includes fixed rate notes and investments in other public sector entities. For TSS, includes investments managed by QIC, securities and bonds.

54. General Government Sector Budget to actual comparison

Operating Statement

	Variance Notes	Published Budget 2021 $M	Actual 2021 $M	Change $M	Change %
Continuing Operations					
Revenue from Transactions					
Taxation revenue	1	14,330	16,249	1,919	13.4%
Grants revenue	2	29,094	33,013	3,919	13.5%
Sales of goods and services		5,975	6,063	88	1.5%
Interest income		1,882	1,948	66	3.5%
Dividend and income tax equivalent income	3	1,179	1,310	131	11.1%
Other revenue	4	3,788	4,148	359	9.5%
Total Revenue from Transactions		**56,249**	**62,732**	**6,483**	**11.5%**
Expenses from Transactions					
Employee expenses		26,470	26,501	31	0.1%
Superannuation expenses	5	3,477	3,319	(158)	(4.6%)
Other operating expenses	6	16,956	16,335	(620)	(3.7%)
Depreciation and amortisation		4,251	4,187	(64)	(1.5%)
Other interest expenses	7	1,725	1,619	(106)	(6.1%)
Grants expenses	8	12,003	11,709	(294)	(2.4%)
Total Expenses from Transactions		**64,881**	**63,669**	**(1,212)**	**(1.9%)**
Net Operating Balance from Continuing Operations		**(8,633)**	**(937)**	**7,695**	
Other Economic Flows - Included in Operating Result					
Gains/(losses) on sale of assets/settlement of liabilities		4,220	8,004	3,784	
Revaluation increments/(decrements) and impairment (losses)/reversals		(4)	2,700	2,704	
Asset write-downs		(99)	(228)	(129)	
Actuarial adjustments to liabilities		(97)	(1,318)	(1,221)	
Deferred income tax equivalents		(87)	31	117	
Dividends and tax equivalents treated as capital returns		80	449	369	
Other		133	150	17	
Total Other Economic Flows - Included in Operating Result	9	**4,146**	**9,787**	**5,641**	
Operating Result from Continuing Operations		(4,486)	**8,850**	**13,336**	
Other Economic Flows - Other Movements in Equity					
Revaluations		713	5,212	4,499	
Other		1,581	(82)	(1,663)	
Total Other Economic Flows - Other Movements in Equity	10	**2,294**	**5,129**	**2,836**	
Comprehensive Result/Total Change in Net Worth		**(2,192)**	**13,979**	**16,172**	
KEY FISCAL AGGREGATES					
Net Operating Balance		**(8,633)**	**(937)**	**7,695**	
Net Acquisition/(Disposal) of Non-Financial Assets					
Purchases of non-financial assets		7,572	6,835	(737)	
Less Sales of non-financial assets		255	216	(40)	
Less Depreciation		4,251	4,187	(64)	
Plus Change in inventories		19	46	28	
Plus Other movement in non-financial assets		1,724	1,599	(125)	
Equals **Total Net Acquisition/(Disposal) of Non-Financial Assets**		**4,808**	**4,078**	**(730)**	
Fiscal Balance		**(13,440)**	**(5,015)**	**8,425**	

54. General Government Sector Budget to actual comparison continued

Balance Sheet

	Variance Notes	Published Budget 2021 $M	Actual 2021 $M	Change $M	Change %
Assets					
Financial Assets					
Cash and deposits	11	1,005	1,072	68	6.7%
Receivables and loans					
Receivables	12	4,459	5,521	1,062	23.8%
Advances paid		1,415	1,339	(76)	(5.4%)
Loans paid		394	375	(19)	(4.8%)
Securities other than shares	13	34,456	41,366	6,910	20.1%
Shares and other equity investments					
Investments in public sector entities	14	21,852	21,429	(423)	(1.9%)
Investments in other entities		6	6	-	0.0%
Investments accounted for using the equity method		158	159	1	0.4%
Total Financial Assets		**63,745**	**71,267**	**7,522**	**11.8%**
Non-Financial Assets					
Inventories		710	725	15	2.1%
Assets held for sale		158	172	14	8.8%
Investment properties		340	348	9	2.5%
Property, plant and equipment	15	226,982	230,962	3,980	1.8%
Intangibles		887	953	66	7.4%
Service concession assets - GORTO	16	6,519	9,939	3,420	52.5%
Deferred tax asset	17	6,154	6,549	395	6.4%
Other non-financial assets		751	815	64	8.5%
Total Non-Financial Assets		**242,503**	**250,464**	**7,962**	**3.3%**
Total Assets		**306,247**	**321,731**	**15,484**	**5.1%**
Liabilities					
Payables		4,470	4,725	255	5.7%
Employee benefit obligations					
Superannuation liability		27,475	27,322	(153)	(0.6%)
Other employee benefits	18	8,532	8,914	381	4.5%
Advances received		1,506	1,435	(71)	(4.7%)
Borrowing with QTC	19	53,501	46,153	(7,347)	(13.7%)
Leases and other loans		7,565	7,705	140	1.9%
Securities and derivatives		198	220	22	11.3%
Deferred tax liability	17	1,085	1,642	557	51.4%
Provisions	20	4,462	5,368	906	20.3%
Service concession liabilities - GORTO	21	5,212	7,633	2,421	46.5%
Other liabilities		704	990	286	40.6%
Total Liabilities		**114,708**	**112,106**	**(2,602)**	**(2.3%)**
Net Assets		**191,539**	**209,625**	**18,086**	**9.4%**
Net Worth					
Accumulated surplus		73,449	87,388	13,939	19.0%
Reserves		118,090	122,237	4,147	3.5%
Total Net Worth		**191,539**	**209,625**	**18,086**	**9.4%**
KEY FISCAL AGGREGATES					
Net Financial Worth		(50,963)	(40,839)	10,124	
Net Financial Liabilities		72,815	62,268	(10,547)	
Net Debt		25,499	11,360	(14,139)	

54. General Government Sector Budget to actual comparison continued

Cash Flow Statement

	Variance Notes	Published Budget 2021 $M	Actual 2021 $M	Change $M	Change %
Cash Flows from Operating Activities					
Cash received					
Taxes received	22	13,749	15,882	2,133	15.5%
Grants and subsidies received	23	27,948	31,226	3,278	11.7%
Sales of goods and services		6,245	6,217	(29)	(0.5%)
Interest receipts		2,017	2,077	59	2.9%
Dividends and income tax equivalents		1,690	1,673	(17)	(1.0%)
Other receipts	24	5,011	5,745	735	14.7%
		56,661	**62,820**	**6,159**	**10.9%**
Cash paid					
Payments for employees		(30,442)	(30,320)	122	(0.4%)
Payments for goods and services		(19,128)	(19,002)	125	(0.7%)
Grants and subsidies paid	25	(11,993)	(11,709)	284	(2.4%)
Interest paid	26	(1,680)	(1,568)	111	(6.6%)
Other payments		-	(2)	(2)	100.0%
		(63,243)	**(62,601)**	**641**	**(1.0%)**
Net Cash Flows from Operating Activities		**(6,581)**	**219**	**6,800**	**(103.3%)**
Cash Flows from Investing Activities					
Non-Financial Assets					
Purchases of non-financial assets	27	(7,572)	(6,835)	737	(9.7%)
Sales of non-financial assets		255	216	(40)	(15.6%)
		(7,316)	**(6,619)**	**697**	**(9.5%)**
Financial Assets (Policy Purposes)					
Equity acquisitions		(243)	(242)	1	(0.5%)
Equity disposals		48	223	175	362.7%
Advances and concessional loans paid		(231)	(257)	(26)	11.2%
Advances and concessional loans received		121	243	122	101.1%
	28	**(305)**	**(33)**	**272**	**(89.2%)**
Financial Assets (Liquidity Purposes)					
Purchases of investments		(8,692)	(15,656)	(6,963)	80.1%
Sales of investments		7,870	12,143	4,273	54.3%
	29	**(822)**	**(3,513)**	**(2,691)**	**327.2%**
Net Cash Flows from Investing Activities		**(8,444)**	**(10,165)**	**(1,721)**	**20.4%**
Cash Flows from Financing Activities					
Cash received					
Advances received	30	125	1,629	1,504	1207.0%
Proceeds of borrowing	31	16,024	10,916	(5,108)	(31.9%)
		16,148	**12,545**	**(3,604)**	**(22.3%)**
Cash paid					
Advances paid	30	(461)	(2,039)	(1,578)	342.2%
Borrowing repaid	31	(862)	(692)	170	(19.8%)
		(1,323)	**(2,731)**	**(1,408)**	**106.4%**
Net Cash Flows from Financing Activities		**14,825**	**9,813**	**(5,012)**	**(33.8%)**
Net Increase/(Decrease) in Cash and Deposits Held		**(201)**	**(133)**	**68**	**(33.7%)**
Cash and deposits at the beginning of the financial year		1,205	1,205	**-**	0.0%
Cash and Cash Equivalents Held at the End of the Financial Year		**1,005**	**1,072**	**68**	**6.7%**

54. General Government Sector Budget to actual comparison continued

Cash Flow Statement continued

	Published Budget 2021 $M	*Actual 2021 $M*	*Change $M*	*Change %*
KEY FISCAL AGGREGATES				
Net Cash from Operating Activities	(6,581)	219	6,800	
Net Cash Flow from Investments in Non-Financial Assets	(7,316)	(6,619)	697	
CASH SURPLUS/(DEFICIT)	**(13,898)**	**(6,401)**	**7,497**	
Derivation of ABS GFS Cash Surplus/Deficit				
Cash surplus/(deficit)	(13,898)	(6,401)	7,497	
Acquisitions under finance leases and similar arrangements	(1,571)	(1,547)	23	(1.5%)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(15,468)**	**(7,948)**	**7,521**	

Explanations of major variances between AASB 1049 actual amounts and corresponding original Budget amounts for GGS

Operating Statement

1. Taxation revenue was $1.919 billion higher than the 2020-21 Budget estimate primarily driven by the rebound in economic conditions following the initial impact of the COVID-19 pandemic, with a significant improvement recorded in transfer duty of $1.26 billion, payroll tax revenue of $269 million, combined motor vehicle duties and registration of $176 million and gambling taxes and levies of $106 million as venues re-opened.

2. Grant revenue was $3.919 billion higher than the 2020-21 Budget forecast mainly due to the following:
   - Increase of $2.718 billion in GST revenue from original Budget due to higher national GST collections following stronger than expected national household spending and dwelling investment as well as better than expected recovery of outstanding GST debt.
   - Increased Commonwealth specific purpose payments of $1.087 billion due to additional National Health Reform funding, including for the COVID-19 health response, early payment of 2021-22 Financial Assistance grants to councils into the 2021 financial year, increase in skills and workforce development funding and commencement of the HomeBuilder program.
   - Increase of $161 million in Commonwealth National Partnership Payments mainly for road and land infrastructure.

3. Dividend and income tax equivalent income was $131 million higher compared to the 2020-21 Budget estimate with increased income from the electricity networks and Queensland Rail due to improved operating conditions partly offset by a decline in income from electricity generation businesses due in part to lower wholesale electricity prices and the impact of the Callide Power Station turbine failure.

4. Other revenue increased $359 million over the 2020-21 Budget estimate in part due to COVID-19 quarantine fees and increased coal royalties as a result of higher prices, which to some extents, were offset by lower non-coal mining, petroleum and gas royalties.

5. Superannuation expenses were $158 million lower than forecast in part due to a change in financial assumptions used in the actuarial valuation of the defined benefit superannuation liabilities.

6. Other operating expenses were $620 million lower than the 2020-21 Budget estimate. The lower operating expenses were partially due to deferral of health expenditure including COVID-19 clinical stockpile reserves program into the following financial year. In addition, expected Department of Education expenses were lower due to COVID-19 restrictions such as lower student course supplies and consumables and international student Homestay expenses, as well as timing of Cross River Rail project works.

7. Interest expenses were lower than the 2020-21 Budget estimate partly due to lower new borrowing requirements in the financial year as a result of the better than expected net operating deficit.

54. General Government Sector Budget to actual comparison continued

Explanations of major variances between AASB 1049 actual amounts and corresponding original Budget amounts for GGS continued

Operating Statement continued

8. Grants expenses were $294 million lower than Budget due to:
   - Less than expected take up on North Queensland Restocking, Replanting and On-farm Infrastructure grants;
   - Timing of payments under various grant programs which were re-scheduled to next financial year, including grants under employment initiatives, housing, tourism and sport programs;
   - Lower than expected payroll tax and land tax rebates under the Government's COVID-19 response measures; and
   - lower natural disaster payments to local councils.

   These lower grants were partially offset by the bring forward of 2021-22 Financial Assistance Grants to local councils, increase in funding for non-State schools by the Australian Government and higher First Home Owners' Grants and commencement of the Commonwealth HomeBuilder grant program.

9. Other economic flows included in operating result were $5.641 billion higher than the 2020-21 Budget. This variance was due in large part to:
   - Higher than expected gain on transfer of Queensland Titles Registry Pty Ltd to QTC;
   - The fair value increment on the fixed rate note with QTC which is linked to the fair value of QTC's corresponding long term asset portfolio held with QIC; and
   - Higher dividend and tax equivalent capital returns with Queensland Treasury Holdings transferring shares to Queensland Treasury as an in-specie dividend for subsequent contribution to the Debt Retirement Fund and additional capital return from Powerlink Queensland.

   These adjustments were partially offset by actuarial adjustments to the Long Service Leave Central Scheme and the Queensland Government Insurance Fund.

10. Other movements in equity were $2.741 billion higher than estimated in the 2020-21 Budget due to an increase in property, plant and equipment of $4.896 billion mainly from upwards valuation of road infrastructure and land under roads. These adjustments were partially offset by the impact to equity of recognition of service concession assets and liabilities on adoption of AASB 1059 in the 2020-21 Budget and downward valuation of the investment in the PNFC and PFC Sector entities.

Balance Sheet

11. Refer to Cash Flow Statement for movements in the cash balance.

12. Receivables were $1.062 billion higher than the 2020-21 Budget, partly reflecting the GST grant receivable at year end, higher dividend and current tax equivalents receivable from PNFC entities, offset in part by lower receivables of taxes and royalty income.

13. Securities other than shares were $6.91 billion higher than the 2020-21 Budget reflecting the higher than expected value on transfer of Queensland Titles Registry Pty Ltd to a QIC managed unit trust as part of establishing the Debt Retirement Fund, and the fair value increment on the long term asset fixed rate notes with QTC (refer Note 16).

14. The reduction of $423 million in the investments in public enterprises is due to the combined movements in the net worth of PNFC and PFC Sector entities and mainly results from asset write downs and market value adjustments to securities and derivative liabilities.

15. The increase of $3.98 billion in property, plant and equipment over the 2020-21 Budget is mainly due to road infrastructure and land under roads revaluations made post the original Budget estimate, partially offset by lower than budget forecast purchases of non-financial assets.

16. The increase of $3.42 billion for SCA – GORTO over the 2020-21 Budget estimate follows the final valuations of these assets and liabilities on adoption of AASB 1059.

17. Deferred tax assets and liabilities were higher than the 2020-21 Budget largely due to deferred tax asset and liability movements being set off for budget reporting by Stanwell Corporation Limited.

18. Other employee benefit obligations were $381 million higher than the 2020-21 Budget due to actuarial valuation adjustments to the Long Service Leave Central Scheme liabilities.

54. General Government Sector Budget to actual comparison continued

Explanations of major variances between AASB 1049 actual amounts and corresponding original Budget amounts for GGS continued

Balance Sheet continued

19. Borrowing with QTC was $7.347 billion lower than projected at the time of the 2020-21 Budget mainly due to improved net cash flows from operating activities following the rebound in key revenue streams of GST and taxes and lower than forecast purchases of non- financial assets.
20. Provisions were $906 million higher than the 2020-21 Budget forecast primarily due an increase in the expected number of historical child sexual abuse civil claims based on actuarial advice.
21. Service concession liabilities – GORTO increased $2.421 billion following final valuations on adoption of AASB 1059.

Cash Flow Statement

22. In addition to the increase per the Operating Statement (refer variance note 1) taxes received were $218 million higher than budgeted due to better than expected collection of payroll tax and land tax deferrals provided to businesses as part of the Government's COVID-19 tax relief package.
23. Grants and subsidies received are $3.278 billion higher than budgeted. This variance is lower than the Operating Statement (refer to variance note 2), due to an accrual of GST revenue from the Australian Government following the upward revision to the GST pool for 2020-21.
24. Other receipts are $735 million higher than Budget due to higher other revenue (refer to variance note 4 for further details) and higher than expected net GST receipts from the ATO.
25. Grants and subsidies paid are $284 million lower than expected at Budget. Further details can be found in variance Note 8.
26. Interest paid is $111 million less than budget mainly due to a lower new borrowing requirement predominantly due to a better than expected net operating result.
27. Purchases of non-financial assets are $737 million lower than expected at Budget due to changes in the timing of capital program delivery across the sector as well as equity to output swaps.
28. Net cash outflows from policy purposes are $272 million lower than the 2020-21 Budget, mainly due to higher equity returns from Powerlink Queensland associated with the Genex decision made at the 2021-22 Budget and higher than expected concessional loan repayments.
29. Net cash outflows from liquidity purposes are $2.691 billion higher than the 2020-21 Budget. This is mainly due to the investment, in the QTC redraw facility, of additional net cash flows from operating activities.
30. Net advances paid are $74 million higher than the 2020-21 Budget mainly due to the withdrawal of funds by GOCs in the electricity sector due to higher than expected cash requirements.
31. Net proceeds from borrowing are $4.937 billion lower than Budget mainly due to the improved operating cash position reducing the State's expected funding requirements.

Certification of Queensland State Government Financial Statements

General Government Sector and Total State Sector Consolidated Financial Statements

2020-21

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 2021.

At date of certification of the statements, we are not aware of any material circumstances that would render any particulars included in the GGS and TSS consolidated financial statements misleading or inaccurate.

David Newby, CA	Leon Allen	The Honourable Cameron Dick MP
Director, Financial Reporting	Under Treasurer	Treasurer
Queensland Treasury	Queensland Treasury	Minister for Trade and Investment

22 October 2021

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 2021, 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 2021, operating statements, statements of changes in equity (net worth), and cash flow statements for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificate given by the Treasurer, Under Treasurer and Director, Financial Reporting.

Basis for opinion

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

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

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

Key audit matters

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

Queensland Audit Office
Better public services

Valuation of property, plant and equipment (Total State Sector $293.41 billion; General Government Sector $230.96 billion at 30 June 2021)

Refer to Note 31 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
Property, plant and equipment is the most material balance on the Balance Sheet and is reported at fair value in compliance with AASB 13 *Fair Value Measurement*. The valuation of some assets requires significant management judgement due to the uncertainties inherent in the valuation of these significant physical assets. Complex valuation methodologies are applied to certain government assets including infrastructure assets, and some asset classes are difficult to value due to their nature. The inputs to valuation models are subjective and are reliant upon significant estimates and judgements. Not all entities that are consolidated into the Whole of Government financial statements are required to report their material assets at fair value in their own general purpose financial statements. This increases the risk that material assets may not be reported at fair value in the consolidated financial statements.	For material assets that were reported at fair value in entity financial statements, my procedures included, but were not limited to: • confirming, on a sample basis, the fair value of material assets included in the consolidated statements to the public sector entity's audited financial statements • confirming the appropriateness of the approach used to measure the fair value for each type of asset class, and identifying the significant judgements made by management in determining fair value • confirming the appropriateness of disclosures made under AASB 13 *Fair Value Measurement* by agreeing them to the entity's audited financial statements. For material assets that were not reported at fair value in entity financial statements, my procedures included, but were not limited to: • assessing the methodology used to derive the fair values of those assets • agreeing with component auditors the approach for auditing those values within materiality levels directed • confirming with the component auditors the results of testing performed over the fair values and the significant judgements used by management • assessing the impact of fair value adjustments on other balances in the financial statements, including depreciation and movements in the asset revaluation surplus • assessing the reasonableness of values of remaining assets not reported at fair value to ensure that the values are not likely to be materially different to their fair value • assessing the appropriateness of disclosures under AASB 13 *Fair Value Measurement*.

Establishment of the Queensland Future Fund – Debt Retirement Fund ($7.7 billion as at 30 June 2021)

Refer to note 24 in the financial report

Key audit matter	How my audit procedures addressed this key audit matter
Securities other than shares are a material balance in the Balance Sheet and are reported at fair value through profit or loss. This includes $7.7 billion in investments held by the government as part of the Queensland Future Fund – Debt Retirement Fund (DRF) established under the *Queensland Future Fund Act 2020* (QFF Act) as at 30 June 2021. During the year the government seeded initial investments into the DRF. These initial investments occurred through a series of asset transfers involving several government entities and, in some instances, required the restructuring of existing government operations. The assets were ultimately transferred into an unlisted unit trust, the Debt Retirement Trust (DRT), managed by QIC Limited. In the Total State Sector (TSS), the investment represents units in the DRT held by Queensland Treasury Corporation (QTC). In the General Government Sector (GGS), the investment represents a Fixed Rate Note (FRN) receivable held by Queensland Treasury with QTC. The value of the FRN equates to the fair value of the units held in the DRT.	My procedures included, but were not limited to: • obtaining an understanding of the legislative framework for the establishment of the DRF • obtaining an understanding of the ownership and governance structure for the DRF and the initial investments made into the DRF • evaluating documentation supporting initial investments made into the DRF, including ensuring that asset transfers were appropriately authorised and complied with directions given by the Treasurer under the QFF Act 2020 • assessing and confirming the appropriateness of the accounting treatment of each transaction associated with the establishment of the DRF including: - recognition and derecognition of assets transferred between government entities in accordance with prescribed accounting requirements, - the fair value of investments at the date of their initial transfer into the DRF comply with the requirements of AASB 9 *Financial Instruments* and AASB 13 *Fair Value Measurement*; and - accounting for the recognition of the FRN by GGS and the fair value of the FRN as at 30 June 2021 in accordance with AASB 9 *Financial Instruments*. I engaged an auditor's expert to assess the value of the Queensland Titles Registry (QTR) operations transferred to the DRF. Work performed by the auditor's expert included: • obtaining an understanding of the valuation methodology applied to the transfer of the QTR operations • assessing the reasonableness of techniques applied in valuing the QTR operations • assessing the reasonableness of key assumptions and inputs used in valuing the QTR operations, and • concluding on the reasonableness of the valuation applied to the QTR operations. In forming my opinion on the value of the investments held in the DRF, I assessed the work performed by the auditor's expert including: • evaluating their qualifications, competence, capabilities and objectivity • assessing the nature, scope and objectives of the work completed for appropriateness, and • evaluating the findings and conclusions for relevance, reasonableness and consistency with other audit evidence obtained.

Valuation of defined benefit superannuation liability (Total State Sector $27.05 billion; General Government Sector $27.32 billion at 30 June 2021)

Refer to Notes 36 and 48 in the financial report.

Key audit matter	How my audit procedures addressed this key audit matter
The Queensland Government defined benefit superannuation liability is a material amount on the Balance Sheet. The underlying model used to value the liability is complex and involves a significant degree of management judgement and estimation in the selection of long-term assumptions, including salary growth, discount rates and expected CPI increases, to which the valuation of the scheme is highly sensitive. The State Public Sector Superannuation Fund (QSuper) defined benefit scheme is assessed annually by the State Actuary.	My procedures included, but were not limited to: • obtaining management's actuarial report and: - assessing the appropriateness of any changes to the methodology used by the State Actuary - assessing the reasonableness of any material changes to the underlying assumptions and judgements used in estimating the liability - confirming the accuracy of the value reported in the consolidated financial statements • assessing the appropriateness and adequacy of related disclosures in the financial statements against the requirements of applicable Australian accounting standards.

Consolidation of financial information

Key audit matter	How my audit procedures addressed this key audit matter
The consolidated financial statements require the consolidation of financial information from over 90 public sector entities. Entities may apply different financial reporting frameworks or apply accounting standards and accounting policies differently in the preparation of their individual financial statements. AASB 1049 *Whole of Government and General Government Sector Financial Reporting* requires restatement or reclassification of certain information prepared under generally accepted accounting principles (GAAP) to comply with the Government Financial Statistics (GFS) requirements developed by the Australian Bureau of Statistics.	My procedures included, but were not limited to: • verifying the completeness of material public sector entities included in the consolidated financial statements • obtaining assurance over the completeness and accuracy of the financial information of individual entities consolidated in the financial statements by agreeing the financial information back to the audited financial statements for material public sector entities • verifying compliance with the ABS GFS manual with respect to accounting treatment and disclosures in the financial statements and the classification of entities into the relevant sectors of government • 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.

Queensland Audit Office
Better public services

Other information

Other information comprises financial and non-financial information (other than the audited financial report) included in the Queensland Government's Report on State Finances for the year ended 30 June 2021.

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 Treasurer and Queensland Treasury for the financial report

The Treasurer, through Queensland Treasury, is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009* and Australian Accounting Standard 1049 *Whole of Government and General Government Sector Financial Reporting*, and for such internal control as is determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. AASB 1049 requires compliance with other applicable Australian Accounting Standards.

The Treasurer, through Queensland Treasury, is also responsible for disclosing matters related to going concern and using the going concern basis of accounting in the preparation of the financial statements, unless this is assessed as not being appropriate.

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Queensland Government's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the Queensland Government's use of the going concern basis of accounting.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

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

25 October 2021

Brendan Worrall — Queensland Audit Office

Auditor-General — Brisbane

Queensland
Government

EXHIBIT (c)(iii)

Budget Papers of the Co-Registrant for 2021-22

FORWARD-LOOKING STATEMENTS

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

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

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

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

BUDGET SPEECH
BUDGET PAPER NO. 1

Queensland Government

2021–22 Queensland Budget Papers

1. Budget Speech

2. Budget Strategy and Outlook

3. Capital Statement

Service Delivery Statements

Appropriation Bills

Budget Highlights

Regional Action Plans

Translating and interpreting assistance

The Queensland Government is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. If you have difficulty in understanding this publication, you can contact us on telephone (07) 3035 3503 and we will arrange an interpreter to effectively communicate the report to you.

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

Appropriation Bill 2021

First Reading Speech, 15 June 2021

The Honourable Cameron Dick MP

Treasurer, Minister for Investment

Speaker, the Budget that I present today demonstrates that Queensland's COVID-19 Economic Recovery Plan is working.

This Plan, endorsed by the people of Queensland just eight months ago, recognises the issues that are important to Queenslanders in a time of unprecedented global uncertainty.

It recognises the importance of better hospitals in giving Queenslanders the confidence that they will be cared for should they need it.

It recognises the importance of smarter schools in educating our children for the jobs of tomorrow.

It recognises the importance of safer roads in creating jobs and driving economic growth.

And it recognises the importance of social and community support that Queenslanders know our government will deliver and always protect.

Our Plan, and the Budget, have at their heart the fundamental lesson that COVID-19 has taught every one of us.

When you protect the health of your people, then jobs will grow.

That is what we see in Queensland today – an economy that is roaring back to life.

Not in spite of our disciplined focus on getting the health response right, but precisely because of it.

Fighting COVID-19 is not the binary choice that some would have us believe, with health on one side and the economy on the other.

Our economy is succeeding only because we have protected the health of Queenslanders.

The right health response enables our economy to recover and grow with confidence.

And this is a Budget that invests in growth.

Growth in jobs.

Growth in services, including health.

Growth in vital infrastructure.

Growth across Queensland.

Our health response stands as a testament to the tenacity, sacrifice and determination of Queenslanders.

And the result of that health response is our strong economic recovery.

To some, the fact Queensland was able to avoid a depression or prolonged recession would be an achievement in itself.

But today, Queensland’s economy is bigger than it was before the pandemic.

On almost every indicator we have seen this year, Queensland is outperforming the rest of Australia.

Household spending – growing faster than the rest of Australia.

Dwelling approvals – growing faster than the rest of Australia.

Dwelling investment – growing faster than the rest of Australia.

Construction starts – growing faster than the rest of Australia.

And our domestic economy – growing faster than the rest of Australia.

We have created more jobs since the depths of the pandemic than anywhere else in Australia.

Speaker, these are not just numbers on a Budget Paper or a computer screen.

They represent workers getting paid.

Queenslanders putting food on the table.

Families getting a fair share of wealth and, through their spending, reinvesting in our economy.

Reinvesting in other Queenslanders.

And the best part is that our economic recovery is only just getting started.

At the heart of any Labor Budget lies our Party's enduring mission.

A mission 130 years young just last month.

And that mission is delivering better, higher paying jobs for Queensland workers.

Today I can announce that the 2021 Budget sets a trajectory towards more jobs and stronger economic growth.

This financial year, Queensland's economy will grow by 3¼ per cent – more than double the national growth rate.

By the end of the forward estimates, our economy will still be growing faster than the national average.

That economic performance will drive employment growth, with 200,000 jobs predicted to be created over the next four years.

This will drive unemployment lower.

By the end of the forward estimates, unemployment is forecast to be 5 per cent, down from an estimated 6¼ per cent in the current quarter.

Speaker, we will deliver this improved jobs performance, while facing the challenge of the highest interstate migration in the country.

Our high interstate migration means that other states are exporting part of their unemployment to Queensland.

This reduces the participation rates of other states – and increases ours.

For our government, migration presents a challenge – and an opportunity.

We must still provide jobs for Queenslanders graduating from school or completing training.

But we must also provide jobs for tens of thousands of interstate migrants over the next four years.

This is a challenge we will meet head on.

And so we will continue to invest to ensure that these new Queenslanders can find jobs.

That they can enrol their children in a great local school. That they can get access to the hospitals that they need.

Queenslanders have surpassed every expectation of them during the pandemic.

In facing down COVID-19, everything that was asked of Queenslanders, they did.

Speaker, our Government aims to deliver to Queenslanders a Budget that rewards this achievement.

Queenslanders deserve a Budget with new investments in frontline services.

A Budget with more infrastructure spending.

And a Budget that delivers one of the strongest financial positions of any major government in Australia.

And that is exactly the Budget that I am delivering today.

INVESTING IN HEALTH

Speaker, 2020 presented an unprecedented challenge to Queensland’s health system.

The Palaszczuk Government responded with an unprecedented investment in health.

Our government knows that protecting the public health system protects Queenslanders.

Under our government, Queenslanders have confidence that if they become unwell, care is available.

As the vaccine rollout finally supresses the threat posed by COVID-19, some would expect us to roll that record investment back.

Can I place on the record that, unlike previous Queensland governments, there will be no cuts to health.

In fact, I can announce that all of that COVID-19 boost will be retained within the system.

This year, we will once again increase health funding to deliver another record health budget.

This means that operating funding for health will increase by more than 13 per cent over two years.

I can also confirm that, in the coming financial year, operational funding will continue to be provided through the Queensland Health Funding Model, with no additional savings applied.

FRONTLINE HEALTH SERVICES

Our operational investments will help to deliver the frontline services that our health system needs.

Since our government was first elected in 2015, we have overseen a 30 per cent increase in the strength of our nursing workforce.

That means an additional 8,400 nurses and midwives.

Queensland has 2,841 more doctors, 4,291 more health practitioners and 858 more ambulance personnel reinforcing our frontline health response.

MORE HOSPITALS

An effective health system needs high quality infrastructure.

That's why I announce today that the Palaszczuk Government will establish a $2 billion Hospital Building Fund to address growth pressures across the health system.

Initial investments will be made from the Fund for the Toowoomba Day Surgery – a two theatre day surgery to be built at the Baillie Henderson campus.

We are ensuring that healthcare infrastructure and equipment are delivered to the right place, at the right time, for the benefit of Queenslanders.

In South East Queensland, our record health investment means an additional 174 additional beds and a new emergency department at the Mater Public Hospital Springfield.

We are continuing the redevelopment and expansion of Caboolture, Ipswich and Logan Hospitals.

As part of our Satellite Hospitals Program, satellite hospitals will be delivered at Bribie Island, Caboolture, Brisbane South, Pine Rivers, Gold Coast, Ipswich and the Redlands.

But our government is equally committed to high-quality healthcare for regional Queenslanders. We are continuing our investment in new and upgraded regional hospitals at:

- Roma
- Atherton
- Cairns
- Thursday Island
- Hervey Bay
- Maryborough
- Rockhampton
- Sarina and
- Proserpine.

The Budget also provides $70 million for the Building Rural and Remote Health Program to upgrade health infrastructure at:

- Camooweal
- St George
- Morven
- Charleville and
- Blackwater.

It provides $12.5 million for the Woorabinda Multi- Purpose Health Service to increase its capacity from four residential aged care beds to 14.

And it provides $12.4 million to replace the Windorah Primary Healthcare Centre.

MORE INFRASTRUCTURE

Speaker, it won't just be new hospitals that this Budget is delivering.

Queensland is a growing state – growing more strongly than the rest of Australia.

And a growing state needs infrastructure.

Speaker, infrastructure investment is the foundation of any Labor Budget.

Infrastructure grows the economy, infrastructure connects communities and infrastructure creates valuable construction and maintenance jobs.

That’s why the hallmark of the Palaszczuk Government has been a strong spend on infrastructure, across the board.

Since we were first elected, we have delivered – and will continue to run – an extensive infrastructure program.

But it has also been a sustainable infrastructure program.

Investment in infrastructure has been funded primarily through recurrent revenues.

However, when the pandemic struck and our revenues were crushed, we faced a choice.

We could have cut infrastructure spending to improve the state's financial position.

That was, in fact, the decision made in the 2012 Budget delivered by the previous government.

The Newman LNP Government announced that:

> *"the capital program will be smaller than in previous years, reflecting the determination of the Government to restore the State's financial position."*

Speaker, the Palaszczuk Government has made a different choice.

We have enshrined our $50 billion Infrastructure Guarantee as a cornerstone of our COVID-19 Economic Recovery Plan.

We made the deliberate decision that a temporary reduction of revenue was no reason for a permanent reduction in infrastructure.

And that is a decision that we carry forward into the Budget today.

I am proud to announce that we are keeping our $50 billion commitment to the people of Queensland.

Over the forward estimates, our capital program will deliver $52.2 billion in infrastructure.

This investment will support around 46,500 jobs next financial year.

And over the 10 years to 2024–25, the Palaszczuk Labor Government will have supported over $110 billion in infrastructure for Queenslanders.

When it comes to infrastructure, including schools, hospitals, roads, rail and renewables, we are keeping our pedal to the metal.

And it is reflected across the portfolios that deliver for Queenslanders.

EDUCATION AND NEW SCHOOLS

In a resource-rich state, Queensland Labor Governments know that our most precious resource is the next generation of Queenslanders.

We know that a well-resourced, quality education system enriches us all.

Because we believe that, regardless of background, wealth, gender, ethnicity or upbringing, all of Queensland's children deserve a chance to achieve their dreams.

That's why this Budget will deliver $16.8 billion for education.

Our government will ensure that Queensland's next generation can access the highest quality schools, skills and training, from preschool to graduation.

Speaker, the Palaszczuk Labor Government knows that the foundations of a strong education must start early.

That is why we are locking in four years of funding to provide ongoing, universal access to kindergarten for Queensland children – an investment of $202.9 million.

Education will be the foundation of our state's long-term economic prosperity.

Our government has already opened 18 new schools since 2015.

The Budget includes more than $900 million to build 10 new primary and secondary schools in high growth areas of our state.

And it commits another $500 million for additional and renewed infrastructure across our existing state schools.

This includes $309.2 million in the coming financial year to improve and upgrade schools in regional Queensland.

HOUSING INVESTMENT

Speaker, all Queenslanders deserve a place to call home.

One of the flagship initiatives in this Budget is our timely investment in housing and homelessness services.

Today I am pleased to announce that our government will commit $1.9 billion over four years to increase the supply of social housing, upgrade the existing stock of dwellings, and deliver critical housing services to vulnerable Queenslanders.

To support this investment, our government will establish a $1â€¯billion Housing Investment Fund, with its returns to be used to drive new housing supply to support housing needs across the state.

TRANSPORT INFRASTRUCTURE

Speaker, our government recognises the need to continually strengthen our transport networks.

To build the road and rail corridors that get Queenslanders quickly to work and take them safely home.

That’s why our government is redoubling our investment in roads, with $27.5 billion over four years supporting 24,000 jobs for Queenslanders.

Our capital program includes a range of investments in Queensland’s 1,700-kilometre backbone, the Bruce Highway.

We will improve the safety, the capacity and the resilience of the Bruce Highway, from Brisbane to Cairns.

We have locked in an $883 million jointly funded boost for the Bruce, to build four lanes at Tiaro, north of Gympie, and upgrades between Gladstone and Proserpine and north of Townsville.

And we’ll take trucks off the Bruce, rolling out a jointly funded $500 million upgrade to the Inland Freight Route between Charters Towers and New South Wales.

Our program of works on the Gold Coast is delivering major upgrades, including our signature $1.5 billion Coomera Connector, to provide a second M1.

This year we will deliver $188.9 million for Gold Coast Light Rail Stage 3, as part of this $1 billion project. Cross River Rail is full steam ahead, with $1.5 billion next financial year to help deliver four new CBD stations and support 7,700 full-time equivalent jobs.

REGIONAL INFRASTRUCTURE

In Queensland, more of our people live outside the capital city than do in any other mainland state or territory.

We must support this population, as well as the new residents and visitors our regions attract.

That is why 61 per cent of our $14.7 billion capital program next financial year will be spent in the regions.

Our infrastructure investment will support nearly 30,000 regional jobs.

The Budget allocates $350 million to meet our government's election commitment to continue the Works for Queensland program and the SEQ Community Stimulus Package.

These are programs that fast-track investment, creating jobs and delivering more stimulus.

We will provide an additional $70 million for local government infrastructure projects through the Building our Regions program, taking our total funding to $418.3 million.

SKILLS, TRAINING AND JOBS

Speaker, across Queensland, many businesses are facing labour shortages.

This is a challenge that would have been inconceivable at the start of the pandemic, but one that reflects the growing strength of our economy.

And our government is meeting this challenge.

The Labor Party believes that one of the best things a government can do is to provide its people with the skills, the training and the confidence to get a job.

That is why the Skilling Queenslanders for Work program will be given secure, long term funding.

This Budget commits $320 million over four years – and $80 million each year ongoing – to continue this vital program.

To date, Skilling Queenslanders for Work has seen three out of every four participants go on to secure employment or further training.

Our Back to Work program, which has already helped more than 25,000 Queenslanders find a job, will receive $140 million over four years.

INVESTING IN QUEENSLAND

Speaker, our traditional industries helped create the wealth of Queensland.

And those industries, like agriculture and mining, have been key to our economic recovery from COVID-19, keeping Queenslanders working and our economy moving through the depths of the pandemic.

Their resilience and tenacity meant that Queensland fared better than other states and economies more heavily reliant on service industries.

The wealth of Queensland was not created by standing still.

Our economy will grow faster and create more jobs as we further diversify our industrial base.

Earlier this month, the Premier, Deputy Premier and I announced the Queensland Jobs Fund, now worth $3.34 billion, including $350 million in new funding for industry partnerships.

The Queensland Jobs Fund will build on the suite of programs introduced by our Government to bring new industries and jobs to Queensland.

Part of our $3.34 billion commitment is $2 billion towards the Queensland Renewable Energy and Hydrogen Jobs Fund.

RELIABLE, AFFORDABLE, RENEWABLE ENERGY

Speaker, when the Palaszczuk Government was elected, there were no large-scale wind or solar projects underway in Queensland.

With all of the incredible renewable resources available to our state, the cupboard was bare.

Since our election in 2015, 44 large-scale projects have been committed, commenced or constructed in Queensland.

This represents more than 5,000 megawatts of large- scale renewable generating capacity and almost $10 billion in investment.

These renewable projects have created almost 7,000 new construction jobs, largely in regional Queensland.

Our 50 per cent renewable energy target sent industry the clear policy signal that we are open for renewable business.

We established CleanCo to deliver affordable, low emissions power across the state.

We provided CleanCo with $250 million to build, own and operate the Karara Wind Farm on behalf of the people of Queensland.

Through our government-owned energy corporations, we have developed partnerships with private companies seeking to power their businesses from renewables.

These partnerships give our renewables sector the certainty of demand it needs to grow even faster.

And we’re not done yet.

Our $2 billion investment in commercial renewable energy and hydrogen projects will build on our commitment to providing cheaper, cleaner energy to Queenslanders.

SUPPORTING THE ARTS

Speaker, the appeal of Queensland is based on our natural beauty, our diverse landscapes, our resilient health and quality education systems and our unmatched lifestyle.

We will continue to invest in the industries that make the Queensland way of life the envy of the world.

We will invest $71 million to support the Queensland screen industry, which has kept caterers, carpenters and countless other tradespeople employed through the pandemic, as so much production has ground to a halt elsewhere in the world.

In the thriving heart of Brisbane's arts precinct, we will commit $36.1 million to renew critical infrastructure.

Across the state, we will deliver priority investments in arts and cultural venues owned by Queenslanders through a $13.1 million Arts Infrastructure Investment Fund.

And for the music industry, which continues to face challenges in a COVID-safe world, we will deliver $7 million in support for live venues next financial year.

PROTECTING OUR ENVIRONMENT

Speaker, our state's Land Restoration Fund is supporting farmers and Traditional Owners to develop new income streams while reducing their carbon footprint, building healthier waterways and increasing habitat for threatened species.

To ensure the ongoing viability of this Fund, this Budget establishes a $500 million Carbon Reduction Investment Fund.

The proceeds of the Carbon Fund will provide certainty for land restoration projects now and into the future.

When our government reintroduced the waste levy, we successfully stopped the tide of interstate trucks looking to use Queensland as their dumping ground.

Resource recovery is creating new industries and new jobs by diverting waste away from landfill and into new uses across our economy.

We will continue to implement the Queensland Waste Management and Resource Recovery Strategy through a commitment of $93.6 million over four years and $24.2 million each year ongoing.

This Budget also commits $160 million to ensure the success of the waste levy does not increase costs for household domestic waste.

And as custodians of the Great Barrier Reef, we will invest $270.1 million over five years to maintain the Queensland Reef Water Quality program at current levels.

SUPPORTING OUR COMMUNITIES

Queensland is home to two of the world’s oldest continuing living cultures, in Aboriginal and Torres Strait Islander peoples.

As we continue along the Path to Treaty with our state’s First Nations People, it is vital that we provide funding security to support our shared journey.

To that end, through this Budget I am proud to announce today that the government will establish a $300 million Path to Treaty Fund.

The proceeds of this Fund will provide funding certainty for the Path to Treaty into the future.

The Path to Treaty actions will be informed by the government's consideration of the report of the Treaty Advancement Committee, which is expected to be received later this year.

The Budget also commits $27.6 million to continue the work of managing Native Title Compensation claims in Queensland.

As we have learned through the harrowing stories of the Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability, it is essential to ensure that Queenslanders living with a disability know that their voices will be heard.

We are investing $22.7 million to continue to support peak and representative bodies and advocacy services for Queenslanders with a disability and the Queensland Disability Advisory Council.

The Budget will also provide $7.3 million to ensure continuity of support for former Disability Services clients, who have been determined ineligible for the NDIS.

Speaker, our government knows the financial pressure that COVID-19 has placed on many Queenslanders.

It is also why, earlier this year, our government announced the lowest indexation rate in a decade.

Fees and charges now grow at less than half the rate they escalated under the previous government.

And it is why our government is delivering $6.1 billion in discounts, rebates, subsidies and other concessions this financial year.

Most Queenslanders benefit from at least one concession, be it a public transport discount, rental assistance, drought relief assistance, or an electricity bill rebate.

Our near-record $6.1 billion of concessions in this Budget will continue to help Queenslanders manage their own household budgets.

TITLES REGISTRY

Speaker, when I announced our intention to transfer the Titles Registry to the Queensland Future Fund, our preliminary valuation estimate was at least $4 billion.

This valuation is an important number for Queensland.

Because every dollar of value in the Titles Registry reduces our net debt.

Lower net debt means we are better able to respond to future shocks, such as natural disasters, with additional spending.

Lower net debt means we have greater capacity to invest in the infrastructure we need.

Lower net debt means a healthier budget position for Queenslanders.

Today I can announce more good news for Queensland. I can confirm that the independently assessed valuation of the Queensland Titles Registry has been revised – upwards – to $7.8 billion.

Speaker, this valuation is the result of detailed due diligence undertaken by the Queensland Investment Corporation and Queensland Treasury.

QIC obtained advice from four independent firms.

Financial advisory services from Bank of America.

Macroeconomic forecasting from BIS Oxford Economics.

Financial, tax, accounting and information technology due diligence from Deloitte.

And legal advice from Allens Linklaters.

The valuation was approved by QIC's independent investment committee and was then subject to a further independent peer assessment by two global accounting firms – PwC on behalf of QIC and EY on behalf of the state.

Speaker, we always knew that Queensland was the best, and this valuation is no exception.

The Queensland Titles Registry is the most valuable Titles Registry in the nation.

And there is good reason for this.

Our Titles Registry has been the best run in the nation.

And it should remain in public hands.

The hard-earned wealth of Queensland should remain in Queensland, to work for Queenslanders.

Consistent with the announcements I made last year about the Queensland Future Fund, the majority of the Titles Registry value – $6 billion in total – will be contributed to the Debt Retirement Fund.

By restructuring the Titles Registry, as we have done, and by recognising the full financial value of this asset, Queenslanders will reap the benefit of the state's net debt being reduced by nearly $8 billion.

FISCAL OUTLOOK

Before I became Treasurer, every Budget that our government handed down delivered a net operating surplus.

The last budget deficit delivered in Queensland before that was delivered by the Newman LNP Government.

So as you might expect, Speaker, those of us on this side of the House are not comfortable with a budget deficit.

While none of us likes budget deficits, Labor will always back jobs.

Jobs must come first.

And our Premier has backed that choice every day.

Our government made the deliberate decision that we would put our Budget into deficit.

We made it clear during the election campaign that our Budget would stay in deficit until our economy had recovered.

There would be no reckless rush to surplus within the forward estimates, or within three years, or within some other arbitrary time frame.

And when I delivered last year’s Budget, we did not back down from this.

Our message is clear – health and jobs come first.

Today's Budget demonstrates that our choice has paid off.

Our deficits are narrowing because jobs are coming back.

Our debt is falling because jobs are coming back.

And our Budget will return to surplus because jobs are coming back.

Speaker, the four largest governments in Australia – the Commonwealth Government, the New South Wales Government, the Victorian Government, and the Queensland Government – all went into deficit to respond to COVID-19.

Today, only one of those four governments is returning to surplus – the Palaszczuk Labor Government.

Queensland was the first to announce a stimulus to respond to COVID-19.

Queensland was the first to return all of the jobs lost due to COVID-19.

And now Queensland is the first of these jurisdictions to return to surplus.

We had forecast that this year and last year we would see the biggest deficits in Queensland's history.

While last year's deficit remains the largest, this year's deficit will now be smaller than that in the Newman LNP Government's first Budget.

Speaker, those smaller deficits have, axiomatically, had an impact on Queensland's debt.

As our economy has improved, the need for increased debt reduces.

Today I can announce that, in this financial year, our net debt will be reduced by $9.7 billion compared to the forecast in December last year.

Speaker, that is the single biggest reduction in net debt ever recorded by the Queensland Government.

Reducing debt, reducing deficits, returning to surplus – these are things that I know many of our side of the House are pleased to hear.

But the part they want to hear the most is that we've done all of this without cutting services, without sacking public servants and without selling public assets.

Others may talk about debt reduction or reducing budget deficits.

But only our government has delivered, and we have done it the right way, by growing jobs and growing the economy.

And while we are proud of this achievement, on this side of the House we do not engage in debt reduction for its own sake.

We will reduce debt because doing so creates the future capacity to invest in the services and infrastructure that our state needs.

In this Budget, we are reducing debt because our economy is growing strongly, because jobs are coming back and because it makes sense to rebuild our borrowing capacity.

In future, debt may well rise again, to respond to another crisis, to deal with a disaster, or to build the infrastructure of our state.

Just as we did in the pandemic, we will make no apologies for using debt to defend the health, the jobs and the livelihoods of Queenslanders.

And as we see the Commonwealth Government engaging in a borrowing spree that dwarfs anything the state might do, it is my hope that those opposite, and those in the media, finally come to grips with the fact that debt is not a dirty word.

Queensland does not have a debt problem.

By any measure, in absolute and proportional terms, Queensland's debt is lower and more affordable than the debt owed by New South Wales, by Victoria and by the Commonwealth Government.

If you think Queensland owes too much, with net debt at $25 billion, then take it up with the New South Wales Government, which owes $68 billion.

If you think Queensland won't be able to service our borrowings, which represent 102 per cent of revenue, then take it up with the New South Wales Government, which has a debt to revenue ratio of 130 per cent.

Speaker, today the debt double standard stops.

CHARTER OF FISCAL RESPONSIBILITY

Speaker, the Financial Accountability Act 2009 provides that, from time to time, the Treasurer must prepare and table in the Legislative Assembly a Charter of Fiscal Responsibility giving details of the government's fiscal principles.

The government's new Charter includes renewed fiscal principles that support our strategy to drive recovery, address fiscal repair and restore the state's fiscal buffers.

The renewed fiscal principles provide objective measures that support the government's post-COVID-19 fiscal repair strategy, including a return to operating surplus.

The principles will ensure that debt remains sustainable, expenses do not grow faster than revenues and capital is prudently funded by surplus operating cash.

Queensland will maintain its highly competitive tax environment.

Our government's longstanding commitment to fully funding its liabilities, such as superannuation, will continue.

To maintain consistency between Budget documentation and the official Charter, I table the revised Charter of Fiscal Responsibility.

ECONOMIC UPDATE

As nations around the world have learned, the heart of any economic recovery from COVID-19 must be a strong and effective health response.

And so it has been for Queensland.

Our state has recovered earlier and stronger than we anticipated in the Budget delivered barely six months ago.

ECONOMIC GROWTH

Growth for this financial year is now forecast to be 3¼ per cent – 13 times faster than the ¼ per cent estimated in last year's Budget.

This significant economic growth is driven by strong household consumption and dwelling investment.

It is this economic growth that underpins our ability to deliver essential services, create jobs and protect those who need help the most.

Our measured economic growth will continue, with the 3¼ per cent growth in this financial year to be followed by 2¾ per cent growth in each subsequent year of the forward estimates.

Our growth is more measured than the Commonwealth because our recovery started earlier than states like Victoria.

By June 2025, our economy is forecast to be 15 per cent larger than it is today.

UNEMPLOYMENT

Consistent with the recovery delivered by our health response, unemployment is forecast to peak lower and fall further than was estimated in last year's Budget.

It is forecast to fall from 7 per cent this financial year to 5 per cent by the end of the forward estimates.

In each year, that is an unemployment rate at least 1 per cent lower than that forecast in December.

And while unemployment will be challenged by net interstate migration, it is a challenge we welcome.

CONCLUSION

Speaker, this Budget comes a little over a year after the Premier appointed me as Treasurer.

Along with my colleagues, I have had the privilege of witnessing something extraordinary and powerful – the people of Queensland rising to the challenge of COVID-19 so brilliantly.

And because of their hard work, the people of Queensland will continue to receive the dividend of their strong health response to COVID-19 for many years to come.

More jobs, more economic growth, lower debt, more infrastructure and better government services.

Speaker, Queensland has long been called the Sunshine State.

I like to think of it as the Sunrise State.

Because Queenslanders take each day as it comes – and we back ourselves every step of the way.

Every Queensland family photo album tells the story of generations who saw a brighter future and built it.

And now we are backing ourselves to host the greatest event in the world – the 2032 Olympic and Paralympic Games.

This one event will fire the starter’s gun on the biggest infrastructure building program our state has ever seen.

New roads and railway lines.

Bus lanes.

Housing and sporting facilities.

All of it creating a $17 billion economic uplift and almost 123,000 full time jobs.

The Games will get projects off drawing boards faster, with the benefits and opportunities right there for the taking, right across Queensland.

We will move early to chase new dawns, to capture the opportunities of every day.

This is a Budget that prepares us for those new days and new opportunities ahead.

And it sets Queensland up to make the most of our state's bright future.

I commend the Bill to the House.

Queensland Budget 2021–22 **Budget Speech Budget Paper No.1**

Queensland Budget 2021-22

Budget Speech Budget Paper No.1

BUDGET STRATEGY AND OUTLOOK
BUDGET PAPER NO. 2

Queensland Government

2021–22 Queensland Budget Papers

1. Budget Speech

2. Budget Strategy and Outlook

3. Capital Statement

Service Delivery Statements

Appropriation Bills

Budget Highlights

Regional Action Plans

Translating and interpreting assistance

The Queensland Government is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. If you have difficulty in understanding this publication, you can contact us on telephone (07) 3035 3503 and we will arrange an interpreter to effectively communicate the report to you.

Budget Strategy and Outlook
Budget Paper No. 2
ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)

Queensland Government

State Budget
2021–22

Budget Strategy and Outlook

Budget Paper No. 2

Contents

Overview

Queensland's economic recovery from COVID-19 is well underway, reflecting Queensland's success in containing the virus.

The Queensland Government's *Economic Recovery Plan* continues to support businesses, workers, families and communities across the state, with the government's focus remaining firmly on protecting Queenslanders' health, creating jobs and working together.

The *Economic Recovery Plan* includes 6 recovery priority areas: safeguarding our health: backing small business; making it for Queensland; building Queensland; growing our regions; and investing in skills. In addition to these 6 recovery priority areas, the government's objectives for the community also include supporting jobs, backing our frontline services and protecting the environment.

The suite of papers released for the 2021–22 Queensland Budget includes a special *Queensland's COVID-19 Economic Recovery Plan – Budget Update,* which outlines the Queensland Government's recovery initiatives in line with the Plan's 6 priority areas.

Building on Queensland's economic recovery, the government's economic response and policy focus will continue to transition over time from shorter-term support and stimulus to enhancing the state's productivity and competitiveness to drive ongoing private sector growth and jobs.

This Budget delivers additional funding and new initiatives to drive ongoing growth and job creation, while also outlining the government's improved fiscal outlook and a clear fiscal strategy to return the budget to surplus and stabilise debt over the forward estimates.

Since the 2020–21 Queensland Budget, the state's domestic economy has been bolstered by a range of factors, including ongoing positive health outcomes across the state, contributing to vastly improved business and consumer confidence, and ongoing strength in consumption and a surge in dwelling activity.

As a result, it is now expected the domestic economy will perform substantially better in 2020–21 than previously anticipated. However, the trade sector continues to face ongoing challenges given the uncertainty surrounding the global recovery and ongoing risks related to trade with China. International travel restrictions will also continue to impact Queensland's international tourism exports and overseas student arrivals in 2021.

The strong growth in domestic activity is expected to see Queensland's Gross State Product (GSP) growth rebound by 3¼ per cent in 2020–21, with further solid growth of 2¾ per cent forecast for 2021–22, before averaging 2¾ per cent per annum over the remainder of the forward estimates.

Queensland's faster recovery means aggregate economic growth across the 3 years, from 2020–21 to 2022–23 inclusive, will be higher in Queensland (around 9 per cent) than nationally (around 8¼ per cent).

Employment has also recovered strongly, with Queensland having recovered all the jobs lost during the crisis. In year-average terms, employment is now forecast to grow by 2¼ per cent in 2020–21 and 3 per cent in 2021–22.

Supported by the ongoing strong employment growth, the unemployment rate is forecast to improve substantially to 5¾ per cent in June quarter 2022, before improving further to 5 per cent by June quarter 2025.

Importantly, Queensland entered the pandemic in a strong economic and fiscal position, which enabled the government to respond quickly to the crisis and provided the capacity to support economic recovery. The government's fiscal strategy initially emphasised prioritising economic recovery alongside targeted expenditure and capital prioritisation, to position Queensland well for fiscal repair.

The fiscal strategy for the 2021–22 Budget is underpinned by the development of a new Charter of Fiscal Responsibility (Charter). The fiscal strategy directs improvements in revenue towards economic recovery priorities and a return to operating surplus, thereby moderating the relative net debt burden over the forecast period and preserving fiscal capacity for future infrastructure requirements and to respond to external shocks.

The earlier and stronger than expected economic recovery has improved the outlook for key fiscal aggregates, particularly revenue. The recovery in the revenue outlook is allowing the government to balance additional funding for priority service needs, including the evolving COVID-19 response, with improved operating balances and significantly lower net debt and borrowings relative to the 2020–21 Budget.

Improvements in the operating balance are forecast to continue across the forward estimates, with a return to surplus expected in 2024–25. Achieving ongoing operating surpluses in the medium term, combined with net operating cashflows from operating activities primarily funding the general government sector capital program, will allow the government to stabilise debt levels and reduce net debt as a proportion of revenue over time.

Our economic recovery – leading the nation in economic growth and jobs

The Queensland Government's decisive actions to protect Queenslanders from COVID-19 has meant Queensland has returned to economic growth sooner and more strongly than other economies. This rapid turnaround has been backed by the Queensland Government's *Economic Recovery Plan,* through its focus on creating jobs and working together to ensure Queensland's future prosperity.

In line with the Plan's 6 priority areas, the government has committed substantial funding to support businesses, workers, families and communities across the state.

Since the depths of the pandemic in May 2020, employment has increased by 253,200 persons.

The strength of the recovery has also seen Queensland receive 30,000 net interstate migrants in 2020, more than any other state or territory.

Building on the momentum of Queensland's strong recovery, the 2021–22 Budget delivers a range of further initiatives to drive sustainable economic growth and job creation for Queenslanders both now and in the future. Many of these initiatives are also future-focused, positioning Queensland to take advantage of opportunities and respond to future challenges by improving our competitiveness, productivity and resilience.

Queensland's COVID-19 Economic Recovery Plan—Budget Update outlines details of the government's previous, ongoing and new commitments since the onset of COVID-19, with these initiatives having helped put Queensland on a clear pathway to recovery and helping to drive sustainable economic growth.

Into the future, the government's economic strategy will continue to be responsive to the ongoing impacts and emerging risks of the pandemic. Further, the government's economic response and policy focus will also continue to transition to a greater focus on improving the state's productivity and competitiveness to drive ongoing private sector growth and jobs.

To ensure the Queensland economy can continue to respond to external shocks, the government will continue to implement reforms and initiatives that will attract investment, reduce the cost of doing business, create employment opportunities, support regional development and provide positive environmental and community outcomes.

To achieve these outcomes, the government's economic strategy will continue to focus on several key foundations for economic growth including: building the state's productive capacity; leveraging Queensland's natural and competitive advantages; improving business competitiveness; and maintaining a responsive public sector.

Investing in our health

Globally and nationally, there is strong correlation between good health outcomes and good economic outcomes. The Queensland Government's primary objective throughout the COVID-19 pandemic has been to contain the spread of the virus to minimise health risks for individuals and the community, thereby preventing significant strain on the public health system.

Queensland's strong health response and success in containing the spread of COVID-19 has provided a platform for the strong economic recovery seen across the state. The government's priority remains safeguarding the health of all Queenslanders, including ensuring preparedness to contain any future outbreaks.

This is reflected in the significant investments in health outlined in the 2021–22 Budget, with over $22.237 billion being provided for health services.

The Budget establishes a $2 billion Hospital Building Fund to assist in meeting growth pressures across the health system, with initial investments in the Toowoomba Day Surgery, purchasing public health services through the expansion at Mater Public Hospital Springfield and an uplift in Queensland Health's base capital program.

The new investment in the health system in 2021-22 is $648.7 million comprised of: Queensland Health's $150 million operating share of the $480 million COVID-19 response; $482.5 million to address pressures in emergency patient flow through our public hospitals, elective surgery waitlists and the opening of the Nambour Hospital Redevelopment; $14.5 million for Making Tracks towards achieving health equity (2021–2025); and $1.7 million for the Rockhampton alcohol and other drug residential rehabilitation.

In total, the Budget includes $480 million to continue the COVID-19 response, which will deliver fever clinics, contact tracing and testing capability, the vaccination program, compliance activities, facilitation of quarantine in government arranged accommodation, COVID-19 contact centres and wellness checks for people in mandatory hotel quarantine.

By keeping Queenslanders safe, this will help maintain the consumer and business confidence needed to support the state's ongoing strong economic recovery.

Investing for jobs

In a post-pandemic era, Queensland needs to compete more intensively with the rest of the world and other states for private sector investment to secure the growth opportunities that benefit all Queenslanders.

The Queensland Government continues to make significant investments to unlock the state's economic potential, through the $3.34 billion Queensland Jobs Fund, which brings together the government's key investment attraction and industry development programs.

The Fund incorporates a range of existing initiatives and commits additional funding for a number of new initiatives to strengthen supply chains, foster innovation, diversify regional economies, create jobs and boost income levels. These new initiatives include:

- $350 million in additional funding for the Industry Partnership Program, providing small to medium-sized enterprises and research institutions with tailored support that strengthens local supply chains and grows the industry footprint, including facilitating a 'single front door' approach to industry development that will minimise costs and resources for businesses
- $2 billion Renewable Energy and Hydrogen Jobs Fund to increase investment by government-owned corporations in commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector.

Investing in skills and training

Ongoing improvement in the skills of Queensland's current and future workers, through investment in education, skills and training, is critical to boost Queensland's productive capacity and to provide individuals with meaningful jobs and higher incomes.

In the context of the crisis and the need for ongoing economic recovery, the government has been responsive in ensuring Queenslanders have the skills they need to find meaningful jobs and establish pathways for the future. This includes funding to extend key Queensland Government employment, skills and training programs, as well as providing a $100.5 million matching investment as part of the initial national JobTrainer Fund.

The 2021–22 Budget outlines additional funding for well-targeted investment in skills and training to meet the needs of the private sector and help individuals to re-engage with the labour market as the economy recovers. Additional funding provided in this Budget for key initiatives include:

- $320 million over 4 years to extend the Skilling Queenslanders for Work (SQW) program, with the revitalised program assisting up to 15,000 Queenslanders facing disadvantage in the labour market each year. This program is now being permanently funded, embedding the program into the core business of the state
- up to $140 million in additional funding over 4 years for a revitalised Back to Work program, helping provide businesses with the confidence to employ Queenslanders
- $31.2 million to extend the 50 per cent payroll tax rebate for apprentice and trainees for another 12 months to 30 June 2022

The Budget also invests in ensuring our future generations have a great start to their education by providing $202.9 million to support the continued provision of universal access to kindergarten in the year before school for Queensland children.

A number of these measures will also be critical to support enhanced women's economic security and workforce participation, as will the government's continued strong investment in TAFE, innovation (including the Female Founders Program and Women's Research Assistance Program) and other targeted grant programs.

The 2021–22 Budget papers include the *Investing for Women* paper, which outlines investments to address barriers impacting on economic security, safety and success for women and girls.

In addition to the government's investment in skills and training, this Budget continues to commit significant funding towards education, to provide all young Queenslanders with the opportunity to acquire knowledge and develop their potential to the best of their ability.

To help Queensland's next generation of workers take full advantage of the opportunities available to them, this Budget provides increased funding of around $1.4 billion for new schools to open in 2023 and 2024 and additional and renewed infrastructure in existing state schools.

Building and connecting Queensland

Building and connecting Queensland is a core focus area of the government's *Economic Recovery Plan,* including fast-tracking capital projects where appropriate to support construction jobs in the short term and, more importantly, investing in productive economic infrastructure to position the state for future success.

The government's continued focus on delivering economic and social infrastructure will support future ongoing economic growth by reducing input costs for business, enhancing supply chains, improving regional connectivity, unlocking economic opportunities and improving liveability across all regions of the state.

The 2021–22 Budget includes a $52.216 billion capital program over 4 years. The $14.688 billion capital program in 2021–22 will directly support around 46,500 jobs during the construction phase and support many more ongoing jobs through increased economic activity and connectivity.

Highlights of the investment in productive infrastructure in the 2021–22 Budget include:

- $1.517 billion in 2021–22 towards a total of $6.888 billion for the continued delivery of Cross River Rail, including a capital contribution of $5.389 billion along with financing of $1.499 billion secured through the Public Private Partnership
- $180 million in 2021–22 towards a total of $1 billion for the Bruce Highway (Cooroy to Curra) Section D
- $113.8 million in 2021–22 towards a total of $1.044 billion for Gold Coast Light Rail Stage 3, with project costs subject to the finalisation of contract negotiations
- $85 million in 2021–22 towards a total of $195 million for the Haughton Pipeline Stage 2
- $176 million for the upgrade and expansion of the Cairns Convention Centre
- $150 million over 5 years from 2022–23 in increased funding to deliver on the government's election commitment to provide $200 million over 6 years for the SEQ Community Stimulus Program
- $913.7 million in additional funding over 7 years for the Building Future Schools Program
- $2 billion Hospital Building Fund to assist in meeting growth pressures across the health system.

Building on the substantial capital works investment under this government since 2015–16, the capital program outlined this Budget means that over the 10 years to 2024–25, the government will have supported over $110 billion in infrastructure works.

Promoting regional growth and prosperity

Queensland's economic recovery to date has been broad-based, with all regions seeing substantial improvements in labour market conditions. However, challenges remain, particularly in those regions most affected by international border closures.

As such, targeted government support continues to be provided as part of the Queensland Government's *Economic Recovery Plan,* including through key initiatives such as the 'Good to Go' marketing campaign and the $7.5 million Work in Paradise initiative to attract workers.

Another critical factor in leveraging the natural advantages of Queensland regions is the government's ongoing focus on boosting the regions' physical, digital and social connectivity with other parts of the state and beyond.

Key regional infrastructure and programs in this budget include:

- $200 million in additional funding as part of a total $1 billion Works for Queensland program for maintenance and minor infrastructure projects by regional councils
- Up to $71.4 million over 4 years for the Drought Assistance and Reform Package, and a further $50 million per annum for 4 years in drought preparedness and emergency drought loans
- $70 million in additional funding over 3 years to deliver Building our Regions (Round 6)
- $16.7 million in additional funding over 5 years to finalise long-term decisions on the future of Queensland Agricultural Training Colleges' assets, including a new Central Queensland Smart Cropping Centre at Emerald • up to $12 million in additional funding over 3 years for the Mobile Black Spot Program to help increase the connectivity of Queensland's regions and provide access to essential telecommunications
- $10 million over 2 years for an Aviation Route Support Package to fast-track route development.

To reduce the potential damage incurred by Queenslanders in future disasters, the Budget includes targeted measures, including a new $10 million North Queensland Natural Disasters Mitigation Program, to help reduce risks and cost of living pressures for Queenslanders living in cyclone-prone areas, including by putting downward pressure on insurance premiums.

Reducing costs for business

Since first forming Government in 2015, the Palaszczuk Government has delivered productivity-enhancing reforms and red tape reduction across a range of areas, such as reducing trading hours restrictions, facilitating development and regulation of the personalised transport sector, providing for the development of the craft-brewing industry, improving sustainability of fisheries, and reducing red tape for body corporates.

Further, the Queensland Government announced substantial support for business, in particular small businesses, as part of its response to COVID-19, including tax relief measures and a utility relief package to support the cashflows and viability of Queensland businesses.

Energy and other utilities are key input costs for many businesses, particularly those in some of Queensland's more trade-exposed industries such as manufacturing. After several years of significant price increases, the Queensland Government reformed the electricity sector to provide reliable energy and push prices down. As a result, in 2021–22, retail electricity prices are set to fall for Queensland households and businesses for the fourth consecutive year.

The 2021–22 Budget continues the government's strong investment in energy, including:

- over $2.2 billion in energy generation, transmission and distribution capital purchases to occur in 2021–22
- $29.4 million over 4 years for the Electricity Tariff Adjustment Scheme, targeting support towards regional business electricity connections due to the phasing-out of obsolete electricity tariffs.

The government is also committed to driving regulatory reform to reduce red tape and minimise the regulatory burden on Queensland businesses. A key element of the government's economic response to the pandemic is making it easier for businesses to recover, invest and employ Queenslanders by reducing compliance costs.

The Queensland Government has been implementing reforms related to simplifying management of taxation obligations, and digitalising and streamlining identification procedures, procurement processes and park permit application processes.

Queensland is also continuing to implement several key reforms to reduce costs for small business, including the Business Launchpad initiative, which will reduce the paperwork and approvals that start-up and expanding small businesses need to obtain from all levels of government. The recently implemented first phase of this program in Logan and Townsville is estimated to deliver over $50 million in benefits to participating businesses through time savings and productivity benefits.

The new Office of Productivity and Red Tape Reduction, which commenced on 2 June 2021, will help develop innovative policy solutions to boost productivity and regulatory reform as part of the government's economic recovery policies.

Investing in small business

The government continues to ensure its policy and regulatory settings support small businesses to start-up, expand, and, where appropriate, transition to medium and large businesses.

Queensland's small businesses have demonstrated significant resilience and innovation during recent times. However, a range of small businesses, including those in regions heavily dependent on international tourism, continue to face challenges.

In the 2021–22 Budget, the government continues to invest to promote an entrepreneurial innovation culture that helps build a profitable and vibrant small business sector. Some of the key initiatives to support small business include:

- $140 million Big Plans for Small Business commitment, which has a strong focus on helping small business to innovate, grow and access new markets. This includes $100 million from the Business Investment Fund (BIF) to support established small and medium businesses innovate and realise their potential
- up to $140 million in additional funding over 4 years for a revitalised Back to Work program, helping provide businesses with the confidence to employ Queenslanders facing labour market disadvantage.

The government is also providing support to Queensland's live music industry with a new investment of $7 million in 2021–22 supporting the sustainability of the state's live music venues.

Leveraging our natural assets

Protection of Queensland's rich natural environment in a way which complements the state's economic development priorities is essential to ensure the benefits of growth flow to future generations. Further, there are strong incentives to protect our natural environment for the viability of the state's tourism industry, including the substantial proportion of tourism activity occurring in regional Queensland.

Key initiatives in the 2021–22 Budget supporting the state's environmental sustainability and leveraging Queensland's natural assets include:

- $2 billion Renewable Energy and Hydrogen Jobs Fund to increase investment by government-owned corporations in commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector
- $270.1 million, including $162.9 million in additional funding, over 5 years to continue the Queensland Reef Water Quality Program
- $93.6 million in additional funding over 4 years, for the *Queensland Waste Management and Resource Strategy*
- $61 million in additional funding allocated to environmental markets and investment initiatives
- $500 million Carbon Reduction Investment Fund, with its returns used to support the existing Land Restoration Fund (LRF) to leverage private finance and investment and support financially sustainable carbon markets
- $9.6 million in additional funding to continue the delivery of comprehensive mapping and assessment of vegetation change.

The Queensland Government is also actively working, in line with its election commitment, to develop a Climate Action Plan 2020–2030. Further, to meet its target of net zero emissions, the government will continue to establish partnerships with the private sector to ensure the transition to a low carbon economy unlocks the full potential of the state's regions.

Providing frontline services for all Queenslanders

The government is continuing its focus on ensuring well-resourced and effective frontline service delivery for all Queenslanders, no matter where they live. In particular, this Budget includes significant additional and ongoing investment in key frontline services, including health professionals, teachers, community service staff, firefighters and police personnel.

One of the flagship initiatives in the 2021–22 Budget is the timely investment in housing and homelessness services, with $1.908 billion committed over 4 years to increase the supply of social housing, upgrade the existing stock of dwellings, and deliver critical housing services to vulnerable Queenslanders. To support this, the government has established the $1 billion Housing Investment Fund, with its returns to be used to drive new supply to support current and future housing needs across the state.

Additional funding for other key measures committed in the 2021–22 Budget include:

- $61.7 million to support the continued preservation of the heritage-listed Queensland Cultural Centre; maintenance activities across the Queensland Museum Network in Brisbane, Townsville, Toowoomba and Ipswich; and revitalisation of the Judith Wright Arts Centre and other state-owned arts and cultural facilities through the Arts Infrastructure Investment Fund
- $11 million to enhance cyber security across the Queensland Government
- $10.8 million over 4 years to implement priority actions in response to the Royal Commission into National Natural Disaster Arrangements
- $7.7 million over 4 years to establish a drug and alcohol residential treatment program for young people.

These initiatives are examples of the responsiveness of the Queensland public sector in delivering innovative support and services to Queenslanders to enable them to successfully participate in the economy and society as the state emerges from the global health crisis.

Supporting Queenslanders

In the context of the COVID-19 crisis, the Queensland Government introduced a wide variety of concessions providing support for individuals, families and businesses which reduce the cost of living or the cost of doing business. Many of these concessions provided the targeted and temporary relief needed to allow Queensland businesses to remain viable and to support Queensland households during the crisis.

However, the majority of Queenslanders and Queensland businesses benefit from at least one Queensland Government concession and, in many cases, benefit from multiple concessions each year. These include targeted discounts, rebates and subsidies based on eligibility criteria, as well as broader concession arrangements to reduce prices paid by consumers for transport, electricity and water services.

The total value of all concessions provided to Queenslanders and Queensland businesses in 2021–22 is estimated to be $6.148 billion.

In addition to concessions, the Queensland Government also moved quickly in response to COVID-19 to introduce substantial tax relief measures to support Queensland businesses, particularly small to medium businesses. These initiatives, including refunds, holidays, waivers, rebates, deferrals and exemptions from various tax liabilities and fees and charges, have helped support the cashflow and viability of tens of thousands of Queensland businesses, landlords, tenants, and the state's many pubs and clubs.

Economic outlook

The severe health and economic shock caused by the COVID-19 pandemic saw the global economy contract by 3.3 per cent in 2020, according to the International Monetary Fund, a much greater impact than the 0.1 per cent decline in global activity recorded in 2009 at the height of the Global Financial Crisis.

The national economy fell into recession in 2020, for the first time since 1991. However, Queensland and Australia’s relative success in containing the spread of COVID-19, in addition to significant fiscal and monetary policy support, meant the economic impacts nationally were less severe than in many other countries.

Reflecting the success of Queensland’s health response, Queensland’s domestic economy has rebounded strongly, with business and consumer confidence currently at elevated levels.

However, several ongoing risks remain, including those related to the global vaccine rollout, ongoing geopolitical and trade tensions, particularly between the Unites States and China, and challenges in Australia’s trade relationship with China.

Reflecting the improved domestic conditions, GSP is forecast to rebound 3¼ per cent in 2020–21, significantly stronger than the ¼ per cent growth expected at the time of the 2020–21 Budget. Robust ongoing growth of 2¾ per cent is forecast for 2021–22 and in each subsequent year across the forward estimates.

Following a 7 per cent rebound in September quarter 2020, Queensland’s domestic activity continued to grow across the December and March quarters, to be 3 per cent above the pre-COVID-19 level of March quarter 2020. This was almost double the 1.7 per cent growth in the rest of Australia over the year, and substantially higher than the 1.9 per cent in New South Wales, while domestic activity in Victoria was still 0.3 per cent below its pre-COVID-19 level.

The strength of the Queensland economy has been underpinned by elevated activity in consumer spending and the housing sector.

Queensland’s labour market has also improved substantially, with employment in April 2021 having rebounded by 253,200 persons since May 2020, to be 54,900 persons above the pre-pandemic level in March 2020. In comparison, employment in the rest of Australia in April 2021 was still 9,000 below the level in March 2020.

Reflecting the current strength in jobs growth and the broader economic recovery, year-average employment growth in 2020–21 is now forecast to be 2¼ per cent, much higher than the 1 per cent forecast in the 2020–21 Budget.

This strong jobs growth means the quarterly unemployment rate is now forecast to fall to 6 ¼ per cent in June quarter 2021, while the year-average unemployment rate in 2020–21 is now expected to be 7 per cent, down from the 7½ per cent forecast at the previous Budget.

Ongoing strong employment growth of 3 per cent in 2021–22 is expected to drive down the unemployment rate to 5¾ per cent by June quarter 2022, with the unemployment rate steadily improving across the forecast period to be 5 per cent by June quarter 2025.

Overview Table 1 Queensland economic forecasts/projections[1]

	Actuals		Forecasts		Projections	
	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
Gross state product[2]	**-0.7**	**3¼**	**2¾**	**2¾**	**2¾**	**2¾**
Nominal gross state product	-1.5	2¼	6¾	5¼	5	4¾
Employment[3]	0.6	2¼	3	1¾	1¾	1¾
Unemployment rate[4]	7.6	6¼	5¾	5½	5¼	5
Inflation[3]	1.2	2	1¾	1¾	2	2¼
Wage Price Index[3]	1.9	1¾	2¼	2¼	2½	2¾
Population[3]	1.7	1	1	1¼	1½	1½

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. Chain volume measure (CVM), 2018–19 reference year.
3. Annual percentage change, year-average.
4. Per cent, June quarter average, seasonally adjusted.

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

Fiscal outlook

The 2021–22 Budget sets out how the government's fiscal recovery plans are being implemented and how they are expected to drive improving fiscal performance.

The strategy for fiscal recovery outlined in the 2020–21 Budget clearly emphasised prioritising economic recovery alongside targeted expenditure and capital prioritisation, to position Queensland well for fiscal repair.

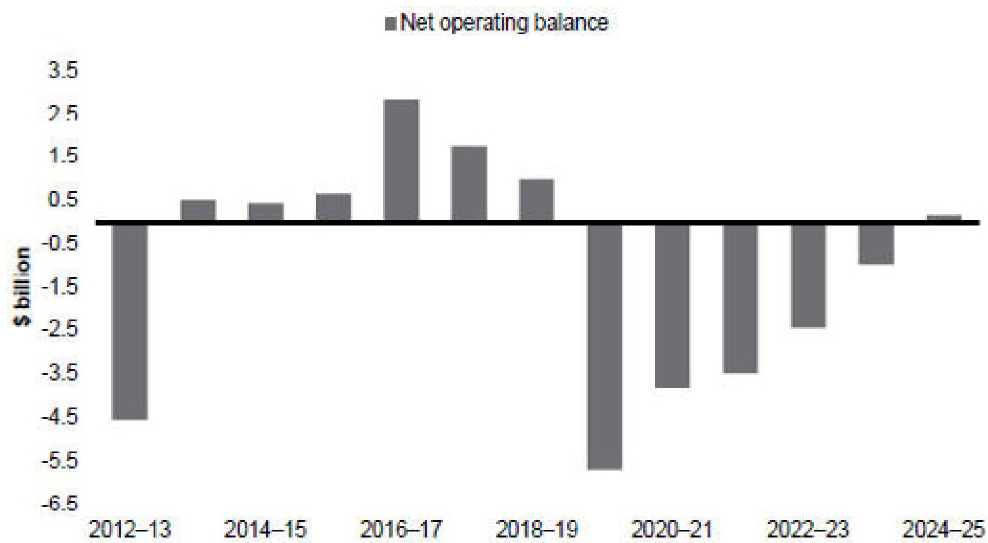
The fiscal strategy for the 2021–22 Budget is underpinned by the development of a new Charter of Fiscal Responsibility. This will aim to guide fiscal recovery in the medium term, addressing the key areas of the debt burden, affordable expenditure growth leading to regaining an operating surplus, funding of capital expenditure, competitive taxation, and retaining the long-standing commitment to targeting full funding of superannuation and workers' compensation liabilities.

The fiscal strategy directs improvements in revenue towards economic recovery priorities and a return to operating surplus. The government's main objective in response to the COVID-19 induced fiscal challenge is to stabilise its relative net debt burden and, to that end, targeting a return to operating surpluses is recognised as an essential condition for that stabilisation.

Compared to the outlook in the 2020–21 Budget, the economy has recovered quicker and stronger than forecast. This has flowed through to benefit key fiscal aggregates, particularly the uplift in key revenues such as own-source taxes and GST. This has been coupled with targeted expenses growth due to the government implementing strategies to contain increases. The recovery in the revenue outlook is allowing the government to balance additional funding for priority service needs, including the evolving COVID-19 response, with improved operating balances and significantly lower net debt and borrowings relative to the 2020–21 Budget.

Improved revenue performance and disciplined expenditure growth have resulted in operating deficits far lower than estimated at the 2020–21 Budget, with a return to operating surplus forecast in 2024–25. Achieving ongoing operating surpluses in the medium term, combined with net operating cashflows from operating activities primarily funding the general government sector capital program, will allow the government to stabilise debt levels and reduce debt as a proportion of revenue over time.

Overview Chart 1 General Government net operating balances



A significant public infrastructure investment program is being maintained as a major driver of economic growth and job creation, with a commitment to a 4-year program of $52.216 billion from 2021–22 to 2024–25. The fiscal position is also recovering from the impacts of COVID-19, with revenue growing more strongly than expenses and an operating surplus forecast in 2024–25. Significantly, net cash flows from operating activities are expected to primarily fund the General Government Sector capital program from 2024–25.

The COVID-19 crisis and actions taken to support and drive the economic recovery had a substantial impact on Queensland's fiscal aggregates, particularly borrowings. However, the current low interest rate environment strengthens serviceability with interest expense forecast to be 2.6 per cent of revenue in 2021–22, well below the peak of 4.7 per cent in 2013–14.

Compared to the 2020–21 Budget, additional revenue has reduced the need for borrowings to finance the Government's existing operating and capital program. This is a welcome development that improves fiscal capacity to respond to future shocks and deliver productive infrastructure into the future. Accordingly, the Budget sets a strategy to preserve fiscal capacity by reducing projected debt levels.

General Government net debt will be much lower than in the 2020–21 Budget, with net debt in 2021–22 of $24.75 billion ($10.761 billion lower than the 2020–21 Budget estimate of $35.511 billion) increasing gradually to $39.019 billion by 2023–24 ($11.762 billion lower than the 2020–21 Budget estimate of $50.782 billion).

This improvement relative to the 2020–21 Budget estimate is driven by a combination of higher revenue attributable to earlier and stronger than anticipated economic growth, targeted expenditure growth, and a material increase in the anticipated value of investments contributed to the first Queensland Future Fund (QFF) – Debt Retirement Fund (DRF) (refer Box 3.1).

The increase in net debt moderates gradually over the forward estimates as improvements in the operating balance and strengthened net cash inflows from operating activities reduce the requirement to borrow to fund the General Government Sector's capital program.

There remain several risks to the improved fiscal outlook, in line with the key risks to the economic outlook as discussed above, including any delays in a timely global vaccine rollout and ongoing geopolitical and trade tensions, including Australia's trade relationship with China.

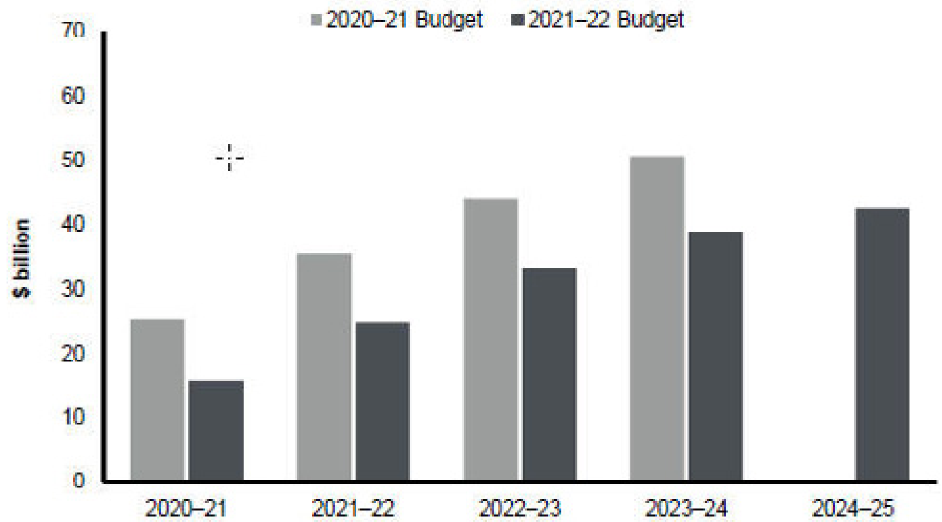
Overview Table 2 General Government Sector key fiscal aggregates[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Revenue	57,764	56,249	60,396	63,664	65,711	68,408	70,367
Expenses	63,498	64,881	64,199	67,148	68,151	69,376	70,214
Net operating balance	(5,734)	(8,633)	(3,803)	(3,485)	(2,440)	(968)	153
PNFA[2]	6,291	7,572	6,965	7,800	7,786	7,275	7,041
Fiscal balance	(9,158)	(13,440)	(8,159)	(7,965)	(6,379)	(3,630)	(2,079)
Borrowing with QTC	37,570	53,501	47,102	57,240	67,110	73,265	77,761
Leases and other similar arrangements	6,499	7,565	7,779	7,603	7,471	7,780	7,623
Securities and derivatives	198	198	198	198	198	198	198
Net debt	14,046	25,499	15,808	24,750	33,326	39,019	42,573

Notes:

1. Numbers may not add due to rounding.
2. PNFA: Purchases of non-financial assets.

Overview Chart 2 General Government Sector net debt



1 Economic Strategy: A strong economy for all Queenslanders

Features

- During the COVID-19 pandemic, the Queensland Government acted decisively to defend the health of Queenslanders.
- The government is investing $22.237 billion to continue providing a world-class health system, which is critical for effectively managing the ongoing risks of COVID-19.
- While the emergency health response imposed short-term disruption, Queensland's success in managing the health challenge means Queensland's economic recovery from COVID-19 has begun sooner and is stronger than the rest of Australia. As of April 2021, total employment in Queensland is now 54,900 above the pre-COVID-19 level. However, some key industries and regions continue to be impacted due to the closure of international borders.
- The Queensland Government's *Economic Recovery Plan* continues to support businesses, workers, families and communities across the state. The government's economic response and policy focus will transition from shorter-term stimulatory support to investment in policies and initiatives with a greater focus on improving the state's productivity, competitiveness, community strength and liveability to drive ongoing private sector growth and jobs.
- A key element of the government's efforts to drive private sector growth and jobs is the flagship $3.34 billion Queensland Jobs Fund. The fund has an enhanced focus on investment attraction and industry development, ensuring that in a post-pandemic global environment, Queensland is well positioned to attract the investment needed to support ongoing growth, and provide wider economic and employment benefits.
- Other key initiatives in the 2021–22 Queensland Budget include targeted measures that: build Queensland's productive capacity through investments in infrastructure, skills and innovation; promote economic and environmental sustainability; improve business competitiveness; and ensure a responsive public sector. These measures will enable Queensland to continue to successfully compete in national and international markets, both in terms of attracting investment and in the export of Queensland goods and services.
- The government's $52.216 billion capital program over the forward estimates will help create thousands of ongoing jobs, in addition to sustaining direct construction jobs, including around 46,500 jobs in 2021–22. The 2021–22 Budget also commits $460 million in additional funding towards targeted investments in skills, training and employment programs to provide an enhanced focus on productivity and support for disadvantaged cohorts to improve their prospects of securing employment.
- Targeted measures to support small businesses and regional economies will create enduring benefits for businesses and households.
- Building on the strong economic recovery to date, the government's economic strategy will be founded on protecting the health of Queenslanders.

1.1 Ensuring economic recovery by safeguarding Queenslanders' health

During the COVID-19 pandemic, the Queensland Government acted decisively to protect the health of Queenslanders. These actions were unprecedented, including at various times, lockdowns, border closures, social distancing requirements and mandatory mask directives. While these actions were disruptive to the economy in the short term, by protecting the health of Queenslanders, economic confidence has been maintained and the long-term economic benefits are significant.

Consequently, Queensland's economic recovery from COVID-19 commenced sooner, and has been stronger, than the rest of Australia. As of April 2021, total employment in Queensland is now 54,900 persons above the pre-COVID-19 level of March 2020, with two-thirds of the increase in full-time employment.

The extent of Queensland's overall economic recovery to date has exceeded expectations, although certain key industries and regions continue to be materially impacted by international border closures and the ongoing lack of overseas visitors.

The Queensland Government's *Economic Recovery Plan* continues to support businesses, workers, families and communities across the state. The Plan includes 6 economic recovery priority areas: safeguarding our health; backing small business; making it for Queensland; building Queensland; growing our regions; and investing in skills. In addition to the 6 recovery priority areas, the Queensland Government's objectives for the community also include supporting jobs, backing our frontline services and protecting the environment.

Queensland's COVID-19 Economic Recovery Plan – Budget update details the Queensland Government's recovery initiatives, which have delivered and continue to deliver on these priority areas by protecting our health, creating jobs and working together.

Beyond the immediate challenges posed by the pandemic, longer-term challenges and opportunities also continue to impact Queensland's economic performance, including changes in global trade, growth of new and emerging export markets, digital disruption and technological change, demographic change (including the ageing population) and natural disasters.

Therefore, as the health crisis evolves and the economy continues to strengthen, the Queensland Government's economic response and policy focus will continue to transition from short-term support and stimulus measures to supporting jobs and economic growth by improving productivity and competitiveness, and attracting private sector investment.

The resulting improvement in the state's fiscal capacity will also support the delivery of improved infrastructure and the essential services and support needed to meet the needs of Queenslanders.

To achieve these outcomes, the government's economic strategy will continue to focus on 5 key foundations for economic growth and related policy focus areas:

1. **Protecting health** – the foundation of Queensland's economic success has been its success in managing the pandemic. Accordingly, the government will continue to ensure that Queenslanders are protected from COVID-19.
2. **Building the state's productive capacity** – by delivering productive infrastructure, investing in skills and fostering the development and uptake of innovation.
3. **Leveraging Queensland's natural and competitive advantages** – to promote regional growth by driving and attracting increased private sector investment.
4. **Improving business competitiveness** – positive economic conditions, improved infrastructure, effective education, skills and training will help ensure the ongoing success of Queensland business.
5. **Maintaining a responsive public sector** – ongoing and innovative delivery of essential services to ensure the needs and expectations of all Queenslanders continue to be met through the delivery of essential services and support across the state.

Figure 1 Economic Strategy to boost productivity and competitiveness

1.2 Protecting health

During the COVID-19 pandemic, the Queensland Government acted decisively to protect the health of Queenslanders. These actions were unprecedented, including at various times, lockdowns, border closures, social distancing and mandatory mask directives. While these actions were disruptive in the short term, by protecting the health of Queenslanders, economic confidence has been maintained, and the long-term economic benefits are significant.

1.2.1 Protecting Queenslanders from COVID-19

Globally and nationally, there is strong correlation between good health outcomes and good economic outcomes. Queensland's success in containing the spread of the virus has allowed the Queensland Government to relax restrictions and re-invigorate the domestic economy. Queensland Treasury analysis of the economic impact of easing restrictions estimated that the cumulative positive economic impact in line with the 3 stages of Queensland's roadmap for easing restrictions was around $1.8 billion per month, supporting around 167,000 jobs.

This analysis also found that much, if not all, of these economic gains could be lost if the spread of the virus led to Queensland having to impose or reimpose substantial emergency health restrictions. In particular, Queensland Treasury's analysis indicated that if an extended 'hard lockdown' similar to that previously imposed in Victoria was needed, the incremental impact of moving to a Stage 4 lockdown could reduce Queensland's GSP by around $3.1 billion per month compared with the level of economic activity that prevailed in December quarter 2020.

The Queensland Government's primary objective throughout the COVID-19 pandemic has been to contain the spread of the virus to minimise health risks for individuals and the community, thereby preventing significant strain on the public health system. This commitment is further reflected in the significant investments in health outlined in the 2021–22 Budget, with $20.885 billion in operating funding, an increase of $685.7 million (or 3.4 per cent) compared with the 2020–21 Budget. A capital program of $1.352 billion in 2021–22 is also provided to continue to deliver first-class health services to Queenslanders.

The significant additional investment in health includes the establishment of a $2 billion Hospital Building Fund to assist in meeting growth pressures across the health system, with initial investments in the Toowoomba Day Surgery, purchasing public health services through the expansion at Mater Public Hospital Springfield and an uplift in Queensland Health's base capital program.

Further, $482.5 million has been provided to address pressures in emergency patient flow through our public hospitals, elective surgery and specialist outpatient waitlists and the opening of the Nambour Hospital Redevelopment.

The Budget also provides $480 million to continue the COVID-19 response including fever clinics, contact tracing and testing capability, the vaccination program, compliance activities, facilitation of quarantine in government arranged accommodation, COVID-19 contact centres and wellness checks for people in mandatory hotel quarantine. This funding is provided across several agencies, including Queensland Health, Queensland Police Service and Queensland Fire and Emergency Services.

To date, the majority of vaccinations have been administered within the Australian Government's controlled supply chains including through primary care and aged care sites. To assist the Australian Government to improve vaccine delivery to Queenslanders, the Queensland Government is stepping up its jurisdictional channels.

By keeping Queenslanders safe, this will help maintain the consumer and business confidence needed to support the state's ongoing strong economic recovery.

Box 1.1 Driving a productivity agenda

Enhancing productivity is integral to delivering a strong economy for all Queenslanders. The government will continue to drive increased productivity and growth by maintaining a regulatory and policy environment to support Queensland businesses, industries, and not-for-profit organisations. Enhancing productivity also promotes government agencies to find better and smarter ways of producing the goods and services that Queenslanders need.

Driving productivity growth has been a policy challenge for most developed economies over recent decades. Consistent with national and global trends, the latest data suggests that market sector productivity growth has been subdued in recent years, with growth between 2016–17 and 2018–19 averaging only 0.3 per cent per annum.

Many factors impact on productivity, including natural disasters, drought and declines in non-renewable resources, but state governments can play a key role in supporting and boosting productivity growth.

It is likely that global productivity will have been heavily impacted by COVID-19. However, Queensland's success in managing the pandemic and the resulting strong rebound in economic activity should help support the state's future productivity performance.

The Queensland Government is committed to significant investment in productive infrastructure to improve connectivity and labour mobility. It is also focussed on reducing costs for business, including by making energy prices more affordable, and developing the skills base of the state's workforce to prepare Queenslanders for the jobs of the future.

Further, the Queensland Government's approach to attracting investment and industry development, including supporting the growth of sustainable, clean energy generation, will ensure the economy can capitalise on emerging and future opportunities.

Through the COVID-19 pandemic, Queensland workers and businesses have demonstrated their ability to innovate and respond successfully to challenges. The government is committed to building on these successes through well-targeted investment in skills and training to meet the skills needs of the private sector and help individuals to re-engage with the labour market as the economic recovery continues.

The 2021–22 Budget reaffirms and refocuses the government's commitment to 2 of its flagship skills and employment programs, Skilling Queenslanders for Work (SQW) and Back to Work. The budget delivers $320 million over 4 years to extend SQW and the program is now being permanently funded, embedding this program into the core business of the state. Further, up to $140 million over 4 years has been allocated for a revitalised Back to Work program, while the 50 per cent payroll tax rebate for apprentice and trainees has been extended for another 12 months to 30 June 2022.

These expanded and enhanced measures will also be key in supporting women's economic security and workforce participation. The 2021–22 Queensland Budget papers include the *Investing for Women* paper, which outlines investments to address barriers impacting on economic security, safety and success for women and girls.

1.3 Building our productive capacity

Enhancing productive capacity, through ongoing improvements in physical and human capital, is the key to driving sustainable economic and employment growth.

The government's economic strategy will continue to be shaped by targeted actions that build Queensland's productive capacity through investments in infrastructure, skills and innovation, thereby enabling Queensland to continue to successfully compete in national and international markets.

1.3.1 Delivering productive infrastructure

Investment in productive and resilient infrastructure is vital to ensure ongoing strong economic growth and to maintain the high standard of living enjoyed by Queenslanders.

Queensland's Economic Recovery Plan emphasises building Queensland, including strategies to fast-track capital projects, where appropriate, to support construction jobs in the short-term and more importantly, invest in the productive economic infrastructure critical to the state's future success.

The government's focus on delivering economic and social infrastructure will also support future ongoing economic growth by reducing input costs for business, enhancing supply chain linkages, improving regional connectivity, unlocking economic opportunities and improving liveability across all regions of the state.

The 2021–22 Budget includes a $52.216 billion capital program over 4 years. The $14.688 billion capital program in 2021–22 will directly support around 46,500 jobs during the construction phase and support many more ongoing jobs through increased business activity and connectivity.

The 2021–22 capital program includes key investments to deliver productive infrastructure for roads, water security, health, education and the arts, and to enhance resilience. Highlights include: $1.517 billion for the continued delivery of Cross River Rail, Queensland's largest ever capital project; $200 million for the Pacific Motorway (Varsity Lakes to Tugun); $180 million for the Bruce Highway (Cooroy to Curra) Section D; $31.3 million for the Smithfield Bypass; $85 million for the Haughton Pipeline Stage 2; and $176 million for the upgrade and expansion of the Cairns Convention Centre.

As part of the Government's ongoing capital works program, the 2021–22 Budget provides additional funding for a range of key infrastructure programs, including:

- $200 million over 3 years from 2024–2025 in increased funding as part of a total $1 billion Works for Queensland program for maintenance and minor infrastructure projects by regional councils
- $70 million over 3 years in increased funding for the Department of Regional Development, Manufacturing and Water to deliver Building our Regions (Round 6), bringing the total government investment in this program to $418.3 million since 2015
- $150 million over 5 years from 2022–2023 in increased funding to deliver on the government's election commitment to provide $200 million over 6 years for the SEQ Community Stimulus Program.

Box 1.2 2032 Olympic and Paralympic Games

On 25 February 2021, the International Olympic Committee (IOC) entered into exclusive negotiations with Brisbane, Queensland to host the 2032 Olympic and Paralympic Games (Brisbane 2032). The Brisbane candidature has been developed with the Games Partners, including the Australian Government, relevant local Councils, the Australian Olympic Committee and Paralympics Australia.

On 11 June, the IOC Executive Board considered a report by the Future Host Commission on the proposal. The Board has recommended the Brisbane 2032 candidature be put forward to election by the IOC in July 2021.

Consistent with the Queensland Government's economic recovery plan, hosting Brisbane 2032 is about creating jobs, boosting our economy and building healthier communities over the next decade. The Games will provide a platform to leverage healthy and active community initiatives, sporting pathways for elite athletes, arts and culture, sustainability initiatives, tourism, trade and local business opportunities.

Brisbane 2032 represents a significant opportunity to work with Games Partners to deliver critical legacy infrastructure to support South East Queensland's long-term growth and enable successful delivery of the Games.

The 2021–22 Budget provides $29.3 million over 2 years for the Department of Tourism, Innovation and Sport as an initial allocation of funding for preparations for future Olympic Games, should Queensland be successful in securing the 2032 Olympic and Paralympic Games.

The 2021–22 capital program includes key investments to deliver productive infrastructure for roads, water security, health, education and the arts, and to enhance resilience. Highlights include: $1.517 billion for the continued delivery of Cross River Rail, Queensland's largest ever capital project; $200 million for the Pacific Motorway (Varsity Lakes to Tugun); $180 million for the Bruce Highway (Cooroy to Curra) Section D; $31.3 million for the Smithfield Bypass; $85 million for the Haughton Pipeline Stage 2; and $176 million for the upgrade and expansion of the Cairns Convention Centre.

As part of the Government's ongoing capital works program, the 2021–22 Budget provides additional funding for a range of key infrastructure programs, including:

Box 1.3 North Queensland insurance affordability

Over the past decade, north Queensland has borne the brunt of multiple major cyclones and floods, contributing to large increases in insurance premiums and reduced availability of insurance coverage.

The Australian Competition and Consumer Commission's (ACCC) Northern Australia Insurance Inquiry - Final report noted that between 2007–08 and 2018–19, average premiums for home and contents insurance increased by 127 per cent in north Queensland, compared with 71 per cent in the rest of Australia.

The ACCC found that mitigation, both at the household and community level, can deliver material and sustainable reductions in insurance premiums.

The Queensland Government has made substantial investments in mitigation works over recent years, including through programs such as the $41.5 million Household Resilience Program, the $65 million Queensland Resilience and Risk Reduction Fund (QRRRF) and the $100 million 2019 Queensland Betterment Fund administered by the Queensland Reconstruction Authority (QRA).

The QRA was established in 2011 and until recently, has been the only permanent, stand-alone agency in Australia with a focus on disaster recovery and mitigation. In recognition of Queensland's leadership success in disaster recovery, the Commonwealth and a number of the southern states have established similar organisations, emulating Queensland's model.

Further, the Commonwealth Government's Royal Commission into National Natural Disaster Arrangements recently acknowledged Queensland's robust and internationally renowned resilience and betterments systems which have been developed over many years.

The Budget outlines further funding and actions to support risk mitigation through key infrastructure programs such as the $418.3 million Building our Regions program.

Key measures in the 2021–22 Budget that will also help increase disaster resilience and support insurance affordability include:

- $14.4 million in funding to support mitigation projects in 2021–22 through the QRRRF, jointly funded by the Australian Government
- $10 million additional funding to establish the North Queensland Natural Disasters Mitigation Program to administer grants to local government for disaster mitigation initiatives that assist in reducing the cost of insurance in their communities.

The Australian Government has also recently announced a $10 billion Northern Australia Reinsurance Pool, albeit with a commitment of only $2.4 million in 2021–22, further funding for disaster mitigation, and a $40 million North Queensland Strata Title Resilience Pilot Program to fund mitigation works for strata title properties.

The Queensland Government's ongoing investment in mitigation works, complemented by the Australian Government's recent commitments, will help to put downward pressure on insurance premiums for Queensland families and businesses in high-risk and cyclone-prone areas.

1.3.2 Investing in skills and training

Ongoing improvement in the skills of Queensland's current and future workers, through investment in education, skills and training, is critical to boost Queensland's productive capacity.

The government has been responsive in ensuring Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future, including through extensions to key skills and employment programs, as well as providing a $100.5 million matching investment as part of the initial national JobTrainer Fund.

Well-targeted investment in skills and training will be important to meet the needs of the private sector and help individuals to re-engage with the labour market as part of the economic recovery.

Disadvantaged labour market cohorts, who lack the relevant experience, education or skills, are a key focus of the government's investment in skills and training

Young people have historically been a key disadvantaged cohort. Queenslanders aged 15 to 24 years have a comparatively lower level of engagement in employment, education and training than their peers nationally. This has contributed to Queensland's historical unemployment rate differential with the rest of Australia, as Queensland's youth represent a larger share of the state's labour force (one percentage point higher) than the national average.

Queensland's relatively high proportion of Aboriginal and Torres Strait Islander peoples, another key disadvantaged labour market cohort, in addition to the state's more decentralised population means, where appropriate, labour market programs need to have a strong emphasis on place-based responses and comprehensive wrap-around support measures such as financial counselling, mentoring, and job readiness training.

Reflecting the priority of supporting disadvantaged cohorts, the 2021–22 Budget reaffirms and refocuses the government's commitment to 2 flagship skills and employment programs—Skilling Queenslanders for Work (SQW) and Back to Work. These programs have also been enhanced to boost their effectiveness and better support disadvantaged jobseekers.

The 2021–22 Budget delivers $320 million in additional funding over 4 years to extend SQW, taking the government's total investment in the program to date to $750 million. This program has now been permanently funded, embedding this program into the core business of the state. The SQW program will assist up to 15,000 disadvantaged Queenslanders each year to gain the skills qualifications, and experience needed to enter and stay in the workforce and includes new programs to provide foundational skills (e.g. literacy and numeracy). It will also deliver targeted assistance to workers aged over 25 who require upskilling or reskilling to re-engage with the labour market.

These expanded and enhanced measures will also be key in supporting women's economic security and workforce participation, as will the government's continued strong investment in TAFE (which has seen a substantial increase in female enrolments), innovation (including the Female Founders Program and Women's Research Assistance Program), and targeted grant programs (such as the Investing in Queensland Women's Grant Program).

The 2021–22 Queensland Budget papers include the *Investing for Women* paper, which outlines investments to address barriers impacting on economic security, safety and success for women and girls.

To promote employment prospects for Queenslanders, up to $140 million in additional funding over 4 years has been allocated in the Budget for a revitalised Back to Work program. This will provide businesses with the confidence to employ Queenslanders who have experienced a period of unemployment and also help workers facing disadvantage in the labour market.

The government has also allocated $31.2 million to extend the 50 per cent payroll tax rebate for apprentice and trainees for another 12 months to 30 June 2022.

In addition to the government's investment in skills and training, this Budget continues to commit significant funding towards education, to provide all young Queenslanders the opportunity to acquire knowledge and develop their potential to the best of their ability. To help Queensland's next generation of workers take full advantage of the opportunities available to them, the 2021–22 Budget provides increased funding of around $1.4 billion for new schools to open in 2023 and 2024 and additional and renewed infrastructure in existing state schools.

1.3.3 Fostering innovation

Innovation is a key driver of long-term economic growth, particularly in developed economies such as Queensland.

The significant direct economic benefits and 'spill-over' effects of innovation provide a clear rationale for governments to foster research and development (R&D), initial commercialisation and the widespread diffusion and adoption of innovative ideas, technologies and practices. Importantly, innovation is clearly recognised in Queensland's *Economic Recovery Plan* as a key factor in opening up opportunities in existing and new markets, and making Queensland more globally competitive.

The Queensland Government has invested heavily in innovation across the state over several years through its flagship initiative, Advance Queensland. Advance Queensland has invested a total of $755 million, which has helped over 7,500 innovators and projects to succeed and supported 27,000 jobs across the state. This has included innovative enterprises such as Tritium, the world-leading Queensland based manufacturer of electric vehicle fast charging infrastructure

The public and private response to the pandemic resulted in a wave of innovation that will have an enduring impact on future economic growth. Vaccine development efforts have spurred the development and uptake of numerous biomedical technologies.

Many businesses have adapted their business models to continue to effectively serve their customers in a pandemic environment. The crisis also highlighted that regulators and government agencies need to be flexible and implement new policies and delivery models to support economic activity and the provision of essential services.

Further, given the shift to more remote and flexible work practices, many Queensland businesses rapidly upgraded their telecommunications technology and processes. As businesses and workforces continue to adjust to more flexible work practices, innovation will continue to be a key element of ongoing business success and sustainability.

The Queensland Government continues to foster innovation across the economy and will continue to create a business and regulatory environment that encourages innovation and supports the development of new technologies and sectors.

In this context, the 2021–22 Budget continues to support small and medium businesses to innovate, build scale and realise their potential through the $100 million Business Investment Fund.

The government is committed to build manufacturing capabilities across the state, including through the creation of manufacturing hubs, which are supporting enterprises to become more productive and create the jobs of the future through technology adoption, skills and training, strategic business development and advance robotic manufacturing hub services.

The hubs aim to lift productivity, increase international competitiveness and stimulate job growth across the state as well as attract private sector investment. The Queensland Government has committed a total of $38.5 million to the manufacturing hubs and grants program with hubs currently operational in Cairns, Townsville, Rockhampton and Gladstone. Two additional hubs are to be developed, including a new hub to be created in Mackay, focusing on the manufacturing of bioproducts from crops grown in the region, and another at Gold Coast, with a focus on transport equipment and vehicles, food processing and metal products.

Queensland also has the potential to lead the nation in the future production of hydrogen for domestic and international markets. Queensland is already investing in research and development and training infrastructure, including $2.6 million over 2 years to establish the Queensland Hydrogen Taskforce.

The Taskforce will work closely with Government to guide implementation of the *Queensland Hydrogen Industry Strategy 2019–2024,* including an enhanced focus on the delivery of the necessary policy settings to ensure the sustainable development of the state's emerging hydrogen industry.

The Budget also provides $9 million over 3 years to enable the Queensland Museum Network to continue to host the World Science Festival Brisbane, positioning Queensland as a hub for scientific leadership and enhancing the state's profile as a knowledge economy.

Further, $7.7 million will be provided to deliver Tranche 3 of the Government Science Platform, which by making data more accessible, integrated and reliable, will support the ability of government, industry, research and the community to respond to complex environmental challenges.

1.4 Leveraging our natural and competitive advantages

As a relatively small and open economy in a competitive global marketplace, Queensland needs to continue to efficiently produce goods and services that the world wants.

To achieve this, an ongoing focus on leveraging Queensland's competitive advantages, including the state's substantial natural endowments across its regions, will be essential to attract and increase investment, and to maximise the economic prosperity shared by all Queenslanders.

1.4.1 Promoting regional growth and prosperity

Queensland's economic recovery to date has been broad-based, with all regions seeing improvements in labour market conditions since the lows observed in the depths of the COVID-19 crisis in the first half of 2020. However, challenges remain, particularly in regions most affected by international border closures.

As such, targeted government support continues to be provided as part of Queensland's *Economic Recovery Plan,* including through key initiatives such as the 'Good to Go' marketing campaign, the provision of tourism vouchers to travellers in key tourism regions like Cairns, the Whitsundays, the Gold Coast and Brisbane, and the $7.5 million Work in Paradise initiative to attract workers to help fill vacancies in key tourism jobs in the regions.

Queensland's regions have a range of natural advantages, including an abundant supply of metal and mineral resources, energy, and productive agricultural land, as well as the natural beauty of the environment and landscape that make Queensland such an attractive destination for tourists from around the world.

The resources sector has been a key part of Queensland's economic recovery from COVID-19. While Queensland's economy has long relied on traditional resources such as coal and gas, there is also an increasing demand for new economy minerals used to make the products of the future.

The *Queensland Resources Industry Development Plan* sets out a long-term vision to ensure that Queensland's resources industry can successfully navigate the shift to a lower carbon global economy and capitalise on new and emerging resource markets. The government is working closely with industry, the regions and communities to develop the plan and set a shared vision for the future of the resources industry, with the findings of this consultation to form the basis of a draft plan that will be released later this year.

Agriculture and food manufacturing play a key role in regional economies. The Queensland Government is committed to the development and release of a future-focussed industry development strategy for the agribusiness and food sector, which is designed to help the sector add value to the economy, the community and our environment through initiatives that will promote the productivity, profitability, sustainability, and resilience of Queensland's industries and safeguard the natural environment.

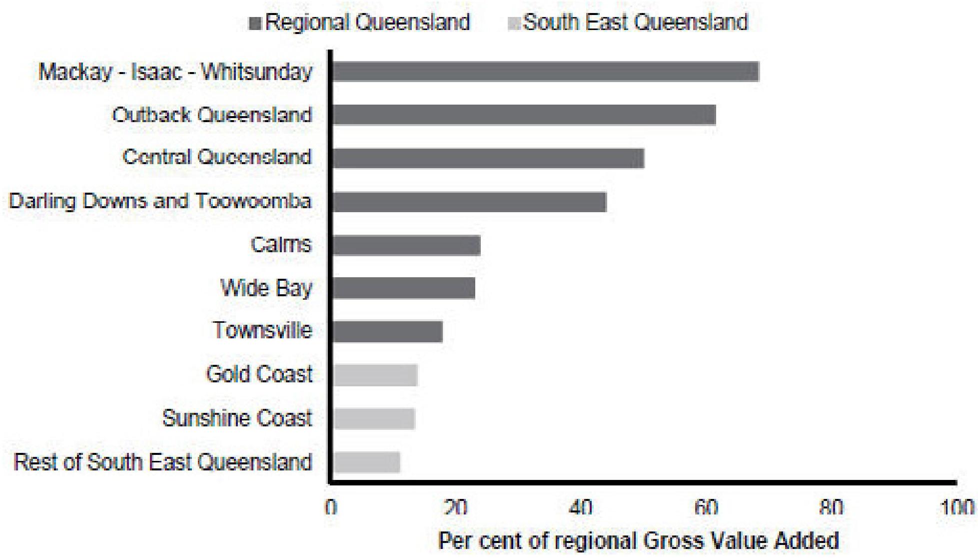
Queensland's regions also benefit from a large, well-educated and responsive workforce, given around 50 per cent of Queensland's residents live outside of Greater Brisbane, which is a significantly higher proportion of regional residents compared with New South Wales (34 per cent) or Victoria (23 per cent).

The state's regional economies are highly trade-exposed. Chart 1.1 presents the share of each region's total economic output, comprising output across the agriculture, forestry and fishing, mining, manufacturing and tourism and hospitality industries, which broadly represent the key categories of tradable goods and services. This highlights the extent to which many regional economies are relatively more trade-exposed compared with South East Queensland regions.

This means the economic and employment growth prospects of Queensland's regions are inextricably linked to the level of international and national demand for key goods and services, as well as competition from other jurisdictions and countries exporting similar goods and services.

Improving the competitiveness of businesses and industries in Queensland's regions is, therefore, one of the key factors that will support and drive the continued development and transition of these important regional economies and labour markets.

Chart 1.1 Share of regional output related to highly tradeable goods and services



Note: Rest of South East Queensland includes all Brisbane, Moreton Bay, Ipswich and Logan – Beaudesert Statistical Area 4 (SA4) regions.

Source: Queensland Treasury, Gross Regional Product, 2016–17 estimates

Another critical factor in leveraging the natural advantages of Queensland's regions is the government's ongoing focus on boosting their physical, digital, and social connectivity with other parts of the state and beyond. This includes ongoing investment in key transport infrastructure such as roads, rail and ports, but also telecommunications and digital infrastructure to support broader business and social integration with the rest of the state.

For example, QCN Fibre, the Queensland Government's company established to improve regional connectivity through leveraging spare telecommunication capacity in government-owned fibre networks, will benefit from an upgrade to Powerlink's telecommunications network and be able to offer more data capacity and a greater number of services to customers right across Queensland. Completion of the network-wide upgrade is targeted for June 2022.

Continuing the government's record of strong spending on infrastructure in regional Queensland, the 2021–22 Budget will invest $8.987 billion in capital works outside of the greater Brisbane region in 2021–22, directly supporting around 29,800 jobs in these regions in 2021–22 and helping increase regional connectivity.

Highlights of the regional capital program include:

- continuation of in-river works for the $367.2 million Rookwood Weir, which will add up to 86,000 megalitres of medium priority water supply for the Central Queensland region
- commencement of construction of the $250 million Karara Wind Farm in the Darling Downs, which will provide 102.6 MW of additional renewable energy capacity.

Regional development and infrastructure will be further supported by the increased $200 million funding provided in this Budget for the $1 billion Works for Queensland program and $418.3 million Building our Regions program, which includes $70 million in new funding for the Department of Regional Development, Manufacturing and Water to deliver Building our Regions (Round 6).

The Queensland Government's ongoing commitment to promoting regional development and connectivity is further demonstrated by the allocation of $9.1 million over 4 years and $2.5 million per year ongoing in this Budget to continue the Regional Communities Program, which will help rural and regional communities identify and address their key priorities in consultation with government.

The Budget also continues to support Queensland's drought-affected regions, with up to $71.4 million over 4 years for the Drought Assistance and Reform Package, helping alleviate cost pressures both for agricultural businesses and communities, and a further $50 million per annum for 4 years in drought preparedness and emergency drought loans. The budget also provides $16.7 million in additional funding over 5 years to finalise long-term decisions on the future of Queensland Agricultural Training Colleges' assets, including a new Central Queensland Smart Cropping Centre at Emerald.

To support the return of aviation services and rebuild Queensland's visitor economy, the Budget also provides $10 million over 2 years for the Aviation Route Support Package, which will fast-track route development in Queensland.

Further, to help increase the connectivity of Queensland's regions and provide access to essential telecommunications, the Budget delivers up to $12 million in additional funding over 3 years for the Mobile Black Spot Program to improve coverage in areas where it is limited or non-existent. The Government has also invested $1 million to develop options to improve digital connectivity for regional communities and businesses.

The Queensland Government is supporting better health outcomes for Queenslanders in the regions through investment in regional hospital and health infrastructure upgrades. The Government is investing $426 million for new and upgraded regional hospitals including at Atherton, Cairns, Fraser Coast, Mer (Murray Island), Proserpine, Rockhampton, Roma, Sarina and Thursday Island.

Rural and regional state schools will continue to benefit from the Government's investment in schools, including an investment of $235 million for new or upgraded multi-purpose school halls and performing arts centres to be delivered through the $1 billion Great Schools, Great Future election commitment. This includes a new hall for Oakey State High School, a new performing arts centre for Trinity Bay State High School, while Woree State High School will get an extension to an existing hall.

1.4.2 Increasing investment

Queensland's private sector supports 84 per cent of the state's employment. Therefore, creating an environment conducive to encouraging private investment is essential to drive sustainable economic growth and job creation over the long term.

The investment climate and conditions in Queensland have evolved substantially over the past decade. In the early 2010s, Queensland experienced an unprecedented business investment boom associated with development of the state's LNG sector. Since that time, private business investment has been impacted by a range of factors, including a weaker global economic outlook, increased global uncertainty and trade tensions.

More recently, the impacts of the COVID-19 crisis have exacerbated the existing weakness in global economic activity and growth, with flow-on impacts on business confidence and investment, particularly in some trade-exposed industries, sectors and regions.

However, Queensland's success in containing the spread of COVID-19 and the Queensland Government's *Economic Recovery Plan* have seen domestic economic activity and employment recovering strongly. Surveys indicate that business confidence and conditions are now back above both their pre-COVID-19 levels and long-term averages.

Many businesses are now operating above their long-term average capacity levels, and together with prevailing low interest rates, this provides an investment climate which should encourage firms to increase their investment in new capacity. Therefore, notwithstanding the remaining uncertainty around the global pandemic, the outlook for business investment has become increasingly positive in recent months.

The Queensland Government continues to pursue a broad range of policies and programs focused on industry attraction and development. Since 2016, the Advance Queensland Industry Attraction Fund and the Jobs and Regional Growth Fund have supported over 77 projects to deliver more than 4,100 new direct jobs and almost $2.5 billion in capital investment.

Building on this momentum, the 2021–22 Budget is delivering an enhanced investment attraction and industry development program through its centrepiece $3.34 billion Queensland Jobs Fund.

As detailed in Box 1.4, the Queensland Jobs Fund has an enhanced focus on the creation of jobs through investment attraction and industry development. In the post-pandemic era, Queensland needs to compete more intensively with the rest of the world and other states for private sector investment. Importantly, the Queensland Jobs Fund will also have a strong focus on facilitating investment in priority sectors where the state has economic strengths, such as renewable energy, hydrogen, manufacturing, food and agritech, aerospace and defence, and digital innovation. It will also support projects that have broader supply chain and regional development benefits extending beyond individual firms.

Box 1.4 Queensland Jobs Fund

The Queensland Jobs Fund (the Fund) is a $3.34 billion program which brings together the Queensland Government's investment attraction and industry development programs for business attraction and facilitation in Queensland.

The Fund incorporates a range of existing initiatives and commits funding for a number of newly established funds.

Industry Partnership Program

This fund also includes the new $350 million Industry Partnership Program, providing small to medium-sized enterprises and research institutions in Queensland with tailored support that strengthens local supply chains and grows the industry footprint to create and sustain jobs. Facilitating a 'single front door' approach to industry development will minimise costs and resources for businesses to expand or maintain jobs in Queensland.

Business Investment Fund (BIF)

As part of the *COVID-19 Fiscal and Economic Review* released in September 2020, the government announced the Backing Queensland Business Investment Fund (BQBIF).

This support is continuing through the $100 million BIF, which is part of the BQBIF, to drive investment in established small and medium sized businesses to help them innovate, build scale, realise their potential, and promote job creation in Queensland.

The 2021–22 Budget also commits $20.6 million over 5 years to continue the implementation of the *International Education and Training Strategy to Advance Queensland 2016–2026.* This funding will allow the government to continue to provide targeted support to the international education and training sector, which has been significantly impacted by COVID-19, and will support the industry to remain competitive when international borders reopen.

An additional $71 million has been allocated to support the Queensland screen industry. This includes:

- $53 million to continue the Screen Queensland Production Attraction Strategy to help maintain the state's competitiveness as a production location
- $10 million for the Post, Digital and Visual Effects incentive to encourage and attract screen businesses to undertake post-production activities in Queensland

- $4 million for the Screen Finance Program to support growth of the local screen industry by directly investing in productions and games development
- $4 million for the North Queensland Regional Program to extend the footprint of the Queensland screen industry and support the delivery of the new Far North Queensland Studio in Cairns.

1.4.3 Protecting the environment

Protection of Queensland's rich natural environment in a way which complements the state's economic development priorities is essential to ensure economic growth is sustainable and to enhance the welfare of future generations of Queenslanders.

The Queensland Government is actively working, in line with its election commitment, to develop a Climate Action Plan 2020–2030, including actions to reduce emissions and increase sustainability.

Queensland has long held a comparative advantage in the provision of reliable and affordable energy. The Queensland energy sector has supported growth in the economy in 2 ways: firstly, as an important sector of the economy that directly creates jobs and value; and secondly, by providing reliable and affordable energy that underpins activity and supports competitiveness in the rest of the economy.

As seen in other parts of Australia, price shocks and supply interruptions can cause significant economic disruption. Queensland's stable and well-planned electricity network means industry can invest in Queensland with confidence.

International governments and global businesses are transitioning to a lower emissions future and making investment decisions on that basis. Queensland is already well placed to grow within this new paradigm. With a 50 per cent renewable energy target by 2030, and a $2 billion Queensland Renewable Energy and Hydrogen Jobs Fund, the Queensland Government is focused on driving green-based economic development, securing current jobs, and growing future industries and the jobs that come with it.

Embracing green energy will also create jobs and grow the economy. The Queensland Government's commitment to a 50 per cent renewable energy target by 2030 has created a favourable climate for renewable energy investment, attracting and enabling approximately $10 billion of investment since 2015.

Government ownership of renewable energy assets is a key pillar of this transition, with Queensland's publicly-owned clean energy generator, CleanCo, commencing construction of the $250 million 102.6MW Karara Wind Farm in the Darling Downs. To further support the 50 per cent renewable energy target by 2030 and net zero emissions by 2050, the government will continue to invest in publicly owned renewables, including in partnership with private sector. The Queensland Renewable Energy and Hydrogen Jobs Fund (formerly the Queensland Renewable Energy Fund) will benefit from an additional investment of $1.5 billion, taking total investment in the fund to $2 billion. The fund allows energy government-owned corporations to increase ownership of commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector. This will continue to support the state's transition to renewable energy.

In 2021–22, the $145 million commitment to establish Queensland Renewable Energy Zones (QREZs) will see proposals progressed for the Southern and Northern QREZs, as well as engagement for the Central QREZ. This will aim to bring together coordinated investment in transmission and generation infrastructure with industrial demand in a way that benefits the Queensland economy and communities.

Of the QREZ allocation, $22 million has been committed over 2 years from 2021-22 to undertake a detailed feasibility study for a pumped hydroelectric storage project at Borumba, and concept studies for other sites. Investment in large-scale pumped hydroelectric storage will help manage the transition to renewable energy sources and provide generation support to stabilise the energy network.

Further, $61 million over 15 years from 2021–22 will be allocated to the environmental markets and investment initiatives, which includes funding for Round 2 of the Land Restoration Fund (LRF) and market support activities for the Carbon Farming Advice Rebate. The funding will also support the creation of the Queensland Natural Capital Fund (QNCF), which is a pilot program to be managed by QIC Limited on behalf of the State to facilitate private sector co-investment to generate both commercial and environmental market returns to support environmental, social and economic co-benefits and establish a pathway for ongoing private investment in the sector.

To ensure funding is available for future investment rounds of the LRF, a $500 million Carbon Reduction Investment Fund is being established. The returns on this fund will be available to support the existing LRF to leverage private finance and investment, and support financially sustainable carbon markets. The original $500 million investment will remain intact to deliver ongoing investment returns.

The state's natural endowments and assets, such as the Great Barrier Reef, also provide significant economic and social benefits to Queensland, particularly in regional economies. To preserve this vital natural wonder of the world, the Queensland Government will continue the Queensland Reef Water Quality Program, providing $270.1 million over 5 years.

The 2021–22 Budget includes additional funding of $19.7 million in 2021–22, as part of $93.6 million additional funding over 4 years, for the *Queensland Waste Management and Resource Recovery Strategy.* The strategy provides the framework to help deliver coordinated, long-term and sustained growth for the recycling and resource recovery sector while reducing the amount of waste produced and ultimately disposed of, by promoting more sustainable waste management practices for business, industry and households.

In addition, $9.6 million has been allocated to continue the delivery of comprehensive mapping and assessment of vegetation change. This initiative continues the existing science behind the state's tree clearing mapping by developing and delivering a range of additional scientific approaches to map woody vegetation extent, regrowth and condition, supporting the protection of the state's vegetation assets.

1.5 Improving business competitiveness

For Queensland businesses to thrive it is critical that they are operating in an environment that supports their competitiveness and gives them the greatest possible chance to compete and succeed in domestic and global markets. To achieve this aim, the government will continue to have an ongoing focus on providing supportive economic conditions for business, delivering productive infrastructure, and helping to provide a labour force that is appropriately skilled and educated.

1.5.1 Providing positive economic conditions

The Queensland Government's swift and decisive actions to protect the health of Queenslanders has helped ensure Queensland businesses have enjoyed a strong recovery following the short lockdown period. By March quarter 2021, the Queensland domestic economy was 3 per cent larger than before the COVID-19 outbreak. This can be contrasted with conditions for business in countries where the virus has not been contained, with resulting sharp falls in economic activity and ongoing hardship for business and workers.

The government has also provided substantial support to business as part of its response to COVID-19, including substantial tax relief measures and a $500 million utility relief package, involving $500 rebates for electricity and water utilities for sole traders and small-to-medium businesses, to support the cashflows and viability of Queensland businesses during a critical and difficult period.

Energy and other key utilities are key input costs for many businesses, particularly those in some of Queensland's more trade-exposed industries such as manufacturing.

Importantly, over the past 4 years energy prices in Queensland have fallen substantially, driven by the expected continued entry of a large amount of renewable generation into Queensland and other National Energy Market regions, and the continuation of lower domestic gas prices. This is directly leading to lower electricity bills for businesses and households, as outlined in Box 1.5.

Box 1.5 Lower electricity prices for Queensland

After several years of significant price increases, the Queensland Government reformed the electricity sector to provide reliable energy and push prices down.

Structural changes and efficiencies in the network and generation sector, including the establishment of a new low-emissions generator, CleanCo, and a commitment to invest in new, clean energy generation, has led to decreasing costs and a diverse and robust electricity supply.

The plan has worked. In 2021–22, retail electricity prices are set to fall for Queensland households and businesses for the fourth consecutive year. The average regional household is set to see their biggest cut in more than a decade.

Based on the Queensland Competition Authority's (QCA's) Final 2021–22 Determination for regional electricity prices, the typical regional household can expect to see a 7.3 per cent electricity bill reduction.

Over the period from 2017–18 to 2021–22, the QCA's regulated prices, which apply in regional Queensland, have fallen by over 17 per cent. This represents a retail bill reduction over this period of around $270 for regional Queensland households.

Regional businesses will also benefit in 2021–22, with the typical small business to see a 3.7 per cent reduction, and large business customers to benefit from reductions of between 2.5 per cent and 3.7 per cent. For small business, the reduction in 2021–22 will deliver the lowest electricity bills since 2012–13.

In South East Queensland, the Default Market Offer set by the Australian Energy Regulator (AER) determines the maximum electricity prices which may be charged to households and small businesses. For 2021–22, the AER determined bill reductions of around 3.5 per cent for households, and around 4.2 per cent for small businesses. Customers can also access even lower prices by shopping around between retailers.

In addition, because of the decision to retain ownership of our electricity assets, the government has been able to implement measures to support lower energy prices and greater energy affordability:

- utility bill relief has been provided to households and businesses through the $500 million COVID-19 utility relief package in 2019–20 and the $100 million Asset Ownership Dividend in 2020–21. Over this period, more than 2 million Queensland households have received $250 to help with their utilities, with farmers and small to medium businesses receiving $500. A further $100 million relief package will be provided to households through another $50 Asset Ownership Dividend payment in 2021–22
- under the Uniform Tariff Policy, the government provides around $500 million per annum to offset energy costs and ensure electricity prices in regional Queensland are comparable to prices in South East Queensland. Reducing the cost of living for people in regional areas is a critical element of the government's economic plan
- the Electricity Rebate Scheme also provides a rebate of up to approximately $341 per annum, at a cost of $228.5 million in 2021–22, to assist with the cost of domestic electricity supply to the home of eligible Pensioner Concession Card, Health Care Card, Queensland Seniors Card and Department of Veterans' Affairs Gold Card holders.

The 2021–22 Budget continues the government's strong energy investment, with over $2.2 billion in energy generation, transmission and distribution capital purchases to occur in 2021–22, including the Queensland Government's $250 million investment in the 103 MW Karara Wind Farm in the Darling Downs, which CleanCo will build, own and operate.

Further, $29.4 million has been allocated over 4 years for the Electricity Tariff Adjustment Scheme to provide support for regional business electricity connections due to the phasing-out of obsolete electricity tariffs. This initiative provides eligible customers with individually tailored transitional rebates to help offset the removal of obsolete tariffs and incentivise a pathway to self-sufficiency over time.

1.5.2 Supporting small business

The success and viability of Queensland's small businesses is central to the overall prosperity of the state and its residents. Small businesses are also critical from an economic recovery perspective. Given they account for around 42 per cent of the private sector workforce in Queensland, a significant proportion of employment growth comes from small businesses who grow and expand.

The Queensland Government's response to the COVID-19 pandemic recognised this fact, providing substantial support targeted at small businesses, including $196 million in Small Business COVID-19 Adaption Grants, $1 billion in concessional jobs support loans and substantial tax relief.

Small business can also play a key role in the generation and diffusion of innovation across the economy, which is another critical factor in Queensland's ongoing economic recovery. For instance, the Organisation for Economic Co-operation and Development has noted that the contribution of small business to innovation is increasing as a result of new technologies making it easier to overcome barriers to entry and access larger markets.[1]

The $140 million Big Plans for Small Business commitment, which includes the $100 million Business Investment Fund, has a strong focus on helping small business to innovate, grow and access new markets, including by investing in skills and capability and by making it easier to do small business in Queensland.

The government is also providing support to Queensland's live music industry with a new investment of $7 million in 2021–22 supporting the sustainability of the state's live music venues.

Queensland is also continuing to implement the 7 key reforms under the Small Business Regulatory Reform Agreement with the Australian Government. This includes a range of innovative reforms developed and implemented by the Queensland Government including: reforms targeting small business renewal and start-ups; improving information available to businesses on vocational education requirements; and streamlining requirements and permits related to food safety, transport and agricultural activities.

The flagship initiative under this program, the Business Launchpad, will reduce the amount of paperwork and approvals that start-up and expanding small businesses are required to obtain from all 3 levels of government. The recently-implemented first phase of this program directly assists food, beverage and residential construction businesses in Logan and Townsville to meet their regulatory and compliance obligations, and it is estimated it will deliver over $50 million in benefits to participating businesses through time savings and productivity benefits over a 10-year period.

1 OECD, 2010, *SMEs, Entrepreneurship and Innovation.*

1.5.3 Regulatory reform

The government is committed to driving regulatory reform to reduce red tape and minimise the regulatory burden on Queensland businesses, families and communities.

Since first forming government in 2015, the Palaszczuk Government has delivered productivity-enhancing reforms and red tape reduction across a range of areas, including reducing trading hours restrictions, facilitating development and regulation of the personalised transport sector, providing for the development of the craft-brewing industry, improving sustainability of fisheries, and reducing red tape for body corporates.

Further, a key element of the government's economic response to the pandemic is making it easier for businesses to recover, invest and employ Queenslanders by reducing compliance costs. For example, the Queensland Government recently introduced a suite of temporary reforms providing for electronic signing and witnessing of legal documents such as statutory declarations and deeds. A range of other innovative reforms have also been implemented to reduce costs for business, including reforms related to e-conveyancing, simplifying management of taxation obligations and digitising and streamlining identification procedures, procurement processes and park permit application processes.

Many of these reforms provide innovative digital solutions to previously paper-based processes, delivering more efficient sharing of information and clearer communication. These measures have reduced red tape and provided substantial time savings for businesses.

The government is committed to developing e-invoicing capability across Queensland Government departments. The digital exchange of invoices between suppliers and buyers provides economic benefits to businesses through improved accuracy, enhanced supplier payment times and reduced processing costs. Progressing this important digital reform across government is expected to drive faster uptake of e-invoicing technology across businesses and supply chains, supporting further economic growth through e-commerce.

The government is also implementing a new licence model for racing industry participants and enhanced telecommunications approval processes for bookmakers, which will reduce red tape for industry and promote better regulatory outcomes.

Another key regulatory reform to be implemented during the year includes the introduction of a fee unit model to streamline the annual process of indexing regulatory fees. Government indexation seeks to maintain the value of a fee over time. Currently, annual indexation requires agencies to amend hundreds of pages of regulation each year to reflect the new dollar value of their fees. This process is resource intensive, taking up to 3 months for some agencies to implement these changes.

Removing these administrative inefficiencies will realise productivity gains across government, as staffing effort can be redirected to focus on service delivery and higher value priorities.

The new Office of Productivity and Red Tape Reduction, which commenced on 2 June 2021, will help develop innovative policy solutions to boost productivity and regulatory reform as part of the government's economic recovery policies.

The government's ongoing regulatory reform agenda will enable the government to identify opportunities to ensure regulation is fit-for-purpose, and also ensure new and existing regulation is well-targeted, effective and flexible.

1.6 Responsive public sector

As Queensland continues to manage the health, social and economic impacts of the COVID-19 pandemic, it is critical the government remains responsive and innovative in delivering essential services to ensure the best possible outcomes for Queensland.

1.6.1 Delivering essential services

As highlighted by the success of the response to COVID-19, providing essential services that are flexible and responsive is important to protect Queenslanders and help communities remain resilient. This includes ensuring that our frontline services have the resources they require for effective service delivery.

The Queensland Government is committed to delivering world class frontline services that Queenslanders deserve. Our health, education, law and order, and social services investments are helping Queenslanders improve their living standards and attract thousands of people from all parts of Australia and overseas.

The Queensland Government continues to invest in boosting housing supply and increasing housing and homelessness support across Queensland, with additional funding of $314.9 million over 4 years supporting the $1.908 billion *Housing and Homelessness Action Plan 2021–25*. This includes $1.813 billion over 4 years to increase supply and upgrade the existing social housing property portfolio, including $502.6 million in capital works and capital grants in 2021–22.

To support this, the Queensland Government has established the $1 billion Housing Investment Fund, a long-term fund with returns used to drive new supply to support current and future housing needs across the state.

Over $317 million has been allocated in 2021–22 to improve housing outcomes for Aboriginal and Torres Strait Islander peoples in Queensland, including $212.4 million to improve social rental housing and deliver services in discrete communities, and $45.3 million to improve state-owned and managed Indigenous housing across Queensland.

The 2021–22 Budget provides $18.3 billion for education and training in 2021–22.

To ensure Queensland's schools can keep up with the increasing enrolment growth and ensure all children have access to quality school facilities, the 2021–22 Budget provides funding to support construction of new schools and growth projects in existing schools. This includes increased funding of $913.7 million over 7 years for the Building Future Schools Program and $508.3 million over 4 years for additional and renewed infrastructure in existing state schools, and to address emerging issues relating to asbestos.

The government is also committed to ensuring a quality education for children of all ages, which is reflected in the investment of an additional $202.9 million over 4 years and $64 million per year ongoing to support the continued provision of universal access to kindergarten in the year before school. This will ensure all children are able to participate in a high-quality kindergarten program and prepare them for school.

The government is committed to protecting communities and keeping Queenslanders safe through the $2.7 billion provided in 2021–22 for policing. The government will continue to provide an additional 2,025 police personnel by 2025, which is the biggest increase in police resourcing in almost 30 years. The 2021–2022 Budget also includes $156.1 million to fund the police capital program, including facilities, motor vehicles, vessels and other essential equipment, to support quality frontline police services.

To build resilience in response to natural disasters, the budget provides funding for drought preparedness, response to the bushfires on Fraser Island (K'Gari) and mitigation measures to put downward pressure on insurance. It also provides $10.8 million over 4 years and $1.3 million per annum ongoing to implement priority actions in response to the Royal Commission into National Natural Disaster Arrangements to help keep Queenslanders safe when natural disasters strike.

1.6.2 Innovative service delivery

Queensland Government agencies continue to identify opportunities to improve the effectiveness and efficiency of government service delivery to support productivity improvements and growth. Reforming and improving the delivery of these services will reduce costs for businesses and consumers and streamline business and community interactions with government.

The Queensland Government continues to invest in innovative reforms, including identifying and working to implement regulatory technology priority reforms across several key agencies. Reforms currently underway include: a Digital Food Safety Hub, providing food businesses with a streamlined online hub for legislative, licensing and training requirements; a Biosecurity Entity Online Customer Portal, allowing businesses keeping livestock or bees to renew their registration online; and further streamlining and modernisation of the state's fines administration system.

Innovation in service delivery, such as in health technology, can also support improvements in accessibility. For example, Queensland's telehealth program enables patients to receive quality care closer to home via telecommunication technology, and expands access to specialist healthcare for people in regional communities by reducing the need to travel for specialist advice.

Telehealth consultations increased by 160 per cent in the first 3 months of the COVID-19 pandemic, enabled by efforts from Queensland Health to increase system capacity. This reduced the number of patients who needed to present at hospitals, freeing up hospitals and health clinics, and reducing potential exposure for at-risk patients with pre-existing conditions.

A further example of innovative health service delivery is the Queensland Government's Sunshine Coast GPwSI program, a model of care that integrates GPs with additional skills and expertise into specialist-led clinical teams in hospital outpatient units. The program led to improvement in the share of people seen within recommended wait times, as well as having positive effects on access, efficiency, and clinician and consumer satisfaction.

The productivity benefits of these innovative approaches to service delivery extend beyond the health sector. As such, ongoing improvements and innovative approaches to facilitate the delivery of key government services and functions has the potential to deliver much broader economic and social benefits for all Queenslanders.

Further innovative service delivery investments have also been announced in the 2021–22 Budget. This includes $11 million to enhance cyber security across the Queensland Government. The 2021–22 Budget also provides funding to continue the Crime Statistics and Research Unit, ensuring up-to-date, targeted crime data can be utilised to develop informed policy responses.

2 Economic performance and outlook

Features

- The severe health and economic shock caused by the COVID-19 pandemic saw the global economy contract by 3.3 per cent in 2020, a much greater impact than the 0.1 per cent decline in global activity recorded in 2009 in the depths of the Global Financial Crisis.
- The national economy fell into recession in 2020, for the first time since 1991. However, Queensland and Australia's relative success in containing the spread of COVID-19, in addition to significant fiscal and monetary policy support, meant the economic impacts nationally were less severe than in many other countries.
- Reflecting the success of Queensland's health response, the domestic economy has rebounded strongly, with business and consumer confidence currently at elevated levels.
- Following a 7 per cent rebound in September quarter 2020, Queensland's domestic activity continued to grow across the December and March quarters, to be 3 per cent above the pre-COVID-19 level of March quarter 2020. This was almost double the 1.7 per cent growth in the rest of Australia over the year, and substantially higher than the 1.9 per cent in New South Wales. Domestic activity in Victoria in March quarter 2021 was still 0.3 per cent below its pre-COVID-19 level.
- Growth in the Queensland economy has been driven by elevated consumer spending and housing sector activity, supported by timely and targeted government stimulus.
- Reflecting the improved domestic conditions, Gross State Product (GSP) is forecast to rebound by 3¼ per cent in 2020–21, significantly higher than the ¼ per cent growth expected at the time of the 2020–21 Queensland Budget. Robust growth of 2¾ per cent is forecast for 2021–22 and in each subsequent year across the forward estimates.
- In comparison, the national economy is forecast by Australian Treasury to grow 1¼ per cent in 2020–21, 4¼ per cent in 2021–22 and 2½ per cent in 2022–23. Queensland's faster recovery means aggregate growth across the 3 forecast years will be higher in Queensland (around 9 per cent) than nationally (around 8¼ per cent).
- Queensland's labour market has also improved substantially, with employment in April 2021 having rebounded by 253,200 persons since May 2020, to be 54,900 persons above the pre-pandemic level in March 2020. In comparison, employment in the rest of Australia in April 2021 was still 9,000 persons below the level in March 2020.
- Reflecting the current strength in jobs growth and the broader economic recovery, year-average employment growth in 2020–21 is now forecast to be 2¼ per cent, much higher than the 1 per cent forecast in the 2020–21 Budget.
- This robust jobs growth means the state's unemployment rate is now forecast to be 6¼ per cent in June quarter 2021, while the year-average unemployment rate in 2020–21 is now expected to be 7 per cent, lower than the 7½ per cent forecast at the previous Budget.
- Strong employment growth of 3 per cent in 2021–22 is expected to drive down the unemployment rate to 5¾ per cent in June quarter 2022, with the unemployment rate steadily improving across the forecast period to be 5 per cent by June quarter 2025.

2.1 International conditions

Global economic output fell sharply in the first half of 2020 due to the public health restrictions and lower confidence in response to COVID-19. According to the International Monetary Fund (IMF), the global economy contracted by 3.3 per cent in 2020, a much greater shock than the 0.1 per cent decline recorded in 2009 in the depths of the Global Financial Crisis.

Over three and a half million people have died from the virus globally, and daily cases and deaths remain elevated in many countries.

Despite this ongoing health crisis, the global economic recovery has clearly begun, with an acceleration in various countries' vaccine rollouts supporting a lift in sentiment and activity. The IMF's latest forecasts show the global economy is expected to rebound strongly in the near-term, growing by 6 per cent in 2021 and 4.4 per cent in 2022.

Aggregate Gross Domestic Product (GDP) growth of Queensland's major trading partners is expected to be slightly stronger than the global average, rising 6.5 per cent in 2021 and 4.7 per cent in 2022. This primarily reflects China and India both being expected to record rapid economic growth across 2021 and 2022.

The economic recovery is most advanced in China, where GDP has already exceeded its pre-COVID-19 level following the successful containment of the virus and ongoing and significant government stimulus. After growing by 2.3 per cent in 2020, the IMF forecasts that China's economy will grow by a further 8.4 per cent in 2021 and 5.6 per cent in 2022.

The outlook in the United States also appears more positive than expected during the height of the pandemic. While employment has yet to return to its pre-pandemic level, steps have been taken towards fully reopening the economy, with daily COVID-19 cases remaining well below peak levels and the nation-wide vaccine rollout continuing to progress.

The IMF expects the United States to record exceptionally strong economic growth of 6.4 per cent in 2021 and 3.5 per cent in 2022, underpinned by the Biden Administration's US$1.9 trillion stimulus bill passed in March 2021. This is in addition to the substantial fiscal support during the pandemic and ongoing highly accommodative monetary policy settings.

Surges in case numbers have partially stalled the economic recovery across Europe, with many countries reimposing social distancing measures in late-2020 and early-2021. However, various government fiscal support measures in many countries, including wage subsidies, and highly accommodative monetary policy settings have helped support Europe's major economies throughout the pandemic.

More recently, India has endured a severe further wave of COVID-19, with cases peaking at more than 400,000 per day in early-May. As India accounts for more than 10 per cent of the value of Queensland's overseas merchandise exports, the humanitarian crisis is also likely to have an economic impact on the state's economy.

Despite the more positive global economic outlook in recent months, substantial risks remain, centred around the success of the global vaccine rollout and the efficacy of the vaccines, particularly as new variants of the virus continue to emerge. While vaccine rollouts are well progressed across a range of nations, including Israel, Canada, the United Kingdom, the United States and Chile, the proportion of the population to have received at least one vaccine shot is still below 10 per cent in many countries.

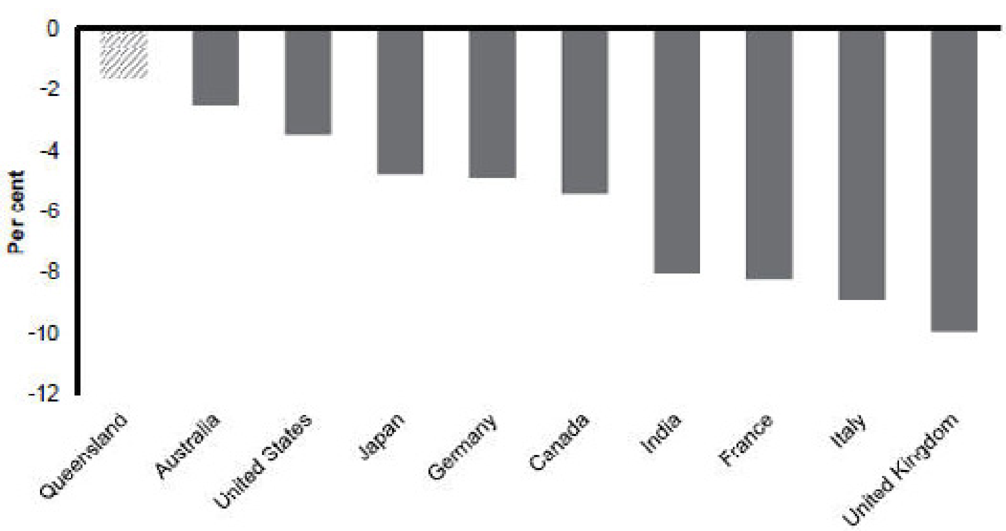
In addition to the ongoing health risks associated with the COVID-19 pandemic, geopolitical and trade tensions that existed between various countries before the onset of the pandemic remain a key risk to the global economic outlook. In particular, tensions between the United States and China related to trade, intellectual property and cybersecurity are expected to continue.

Ongoing uncertainty also remains around the longevity of China's trade restrictions on a range of Australian goods, including some of Queensland's key commodity exports, particularly coal.

2.2 National conditions

The Australian economy declined by 2.5 per cent in 2020, the first national recession since 1991. Despite this sharp contraction, Australia's relative success in containing the spread of COVID-19, in addition to significant fiscal and monetary policy support, meant the economic impacts were less severe than in many other countries. In comparison, as highlighted in Chart 2.1, GDP in 2020 fell by 9.9 per cent in the United Kingdom, 8 per cent in India, 6.6 per cent across the Euro area, 5.4 per cent in Canada and 3.5 per cent in the United States.

Chart 2.1 GDP/GSP growth in 2020[1]



Note:

1. Chain volume measure, annual per cent change.

Sources: Queensland Treasury and International Monetary Fund.

The national economic recovery is well underway and stronger than initially anticipated. The economy has rebounded, with real GDP in March quarter 2021 1.1 per cent above the pre-COVID-19 level of a year earlier, according to the National Accounts. The national unemployment rate fell to 5.5 per cent in April 2021, down from a high of 7.4 per cent in July 2020, while various business and consumer surveys indicate confidence and conditions are at elevated levels.

Buoyed by the substantial fiscal and monetary stimulus provided in response to the crisis, housing market activity has increased, supporting confidence and household consumption.

Despite the stronger-than-anticipated performance of many economic indicators, the recovery to date has been somewhat uneven across the country. The pace of recovery has differed across jurisdictions, in particular with Victoria's recovery delayed by its extended lockdown period, while those sectors reliant on international travel, such as tourism and education, are not expected to return to pre-COVID-19 levels of activity until after the vaccination rollout is substantially progressed and international borders are reopened.

In the medium to longer-term, recently-reported plans by China to diversify its production and supply chains for key industrial commodities, including iron ore, could represent future risks for Australian resources production and exports. If these risks were to eventuate, it could also have longer term implications for government revenues, including the distribution of GST.

2.3 Key assumptions

Key assumptions underpinning the forecasts for the Queensland economy include:

- Queensland and Australia will continue to be successful in containing any community outbreaks of COVID-19 to the extent that no prolonged or widespread lockdowns or severe social distancing measures are assumed over the forecasting period
- consistent with the 2021–22 Federal Budget assumptions:
    - the interstate border is assumed to remain mostly open across the forecasting period
    - while more travel bubbles are gradually established from 2022 onwards, the international border is assumed to remain closed to most travellers through to mid-2022.
- the Reserve Bank of Australia (RBA) is assumed to keep the target cash rate at 0.1 per cent until mid-2023 and the pace of monetary policy normalisation will be gradual over the remainder of the forecast period
- the A$ is assumed to stabilise at around US$0.75 in the medium term
- Brent oil prices are expected to fall slightly below US$60/barrel in the short term but are assumed to be anchored at around US$60/barrel from 2023–24 onwards
- China's restrictions on Queensland's coal exports are assumed to remain significant in 2021. Although some relaxation is assumed in 2022, impacts are assumed to persist across the forward estimates.
- according to the Bureau of Meteorology, the 2021 winter is likely to be wetter than average but there is no clear indication of an El Niño or La Niña developing, at least in the next few months. Therefore, an average seasonal rainfall is assumed for the 2021 and 2022 seasons.

Box 2.1 Vaccination roll-out

The Australian Government is responsible for acquiring and delivering the COVID-19 vaccine to Australians. Queensland is working collaboratively with the Australian Government to roll out the COVID-19 vaccination program across Queensland.

On 22 February 2021, the first Queenslanders began receiving the Pfizer vaccine under Phase 1a of the Australian COVID-19 Vaccination Strategy. Considering all sources of vaccination delivery, as at 5 June 2021, the Australian Government-led vaccination program in Queensland has resulted in 17.94 vaccine doses per 100 people have been delivered, less than the national level of 19.52 vaccines per 100.

To assist the Australian Government to improve vaccine delivery to Queenslanders, the Queensland Government is stepping up its jurisdictional delivery channels.

The Commonwealth Government is responsible for vaccinating residents and staff in residential aged care facilities. While the Commonwealth deployed in-reach vaccination clinics to residential aged care facilities across Queensland, these focussed on residents. Staff were only able to obtain vaccinations if there were excess doses not required by residents, which led to a significant gap in coverage.

Queensland Health therefore stepped up to help ensure the safety of staff and residents by offering the Pfizer COVID-19 vaccine to all Phase 1a and 1b frontline workers in Queensland, including residential aged care workers, regardless of age.

To administer the Pfizer vaccine, Queensland Health established hospital hubs in 6 locations, selected based on their proximity to international arrival points into Queensland. AstraZeneca hospital hubs and outreach services have been subsequently established in every Queensland Hospital and Health Service (HHS). More than 100 services were operating across the state by early-April 2021. This has enabled access to vaccines for Queenslanders in remote, rural, regional and metropolitan areas.

On 8 April 2021, the Australian Technical Advisory Group on Immunisation (ATAGI) and the Therapeutic Goods Administration (TGA) issued advice recommending Pfizer as the preferred COVID-19 vaccine for adults aged under 50 years. This followed reports of a rare but serious blood clotting disorder following administration of the AstraZeneca vaccine. National Cabinet has made a series of decisions since 22 April 2021 to recalibrate the delivery model to administer COVID-19 vaccinations to Australians. The key changes were:

- Pfizer vaccine will be initially limited to Phase 1a and 1b eligible people under the age of 50 years and subsequently provided to additional cohorts with 40-49 year olds now able to access the vaccine
- part of Phase 2a was brought forward so that individuals 50 years or over could access the AstraZeneca vaccine at Queensland Health vaccination clinics from 3 May 2021 and at general practices from 17 May 2021
- increasing access to the Pfizer vaccine for eligible individuals where demand exists and supply permits
- primary care continuing to be the primary delivery channel.

Queensland Health immediately took action to open additional Pfizer hospital hubs throughout Queensland. The first additional site to open was Mater South Brisbane on 5 May 2021. As of 8 June 2021, Queensland Health has a total of 33 hospital-based Pfizer Hubs and Sub-Hubs providing access to Pfizer across metropolitan, regional and remote communities.

In addition, 14 Community Based Vaccination Locations are being progressively opened across the state. Planning for mass vaccination sites is underway to establish readiness to operate where demand exists and when the supply of Pfizer vaccine increases to a level that makes mass vaccination possible.

Funding arrangements with the Australian Government are still being finalised but it is expected the Australian Government will reimburse only a portion of the costs incurred by jurisdictions to set up additional COVID-19 clinics where necessary to support the recalibrated delivery model. This is in addition to a contribution per vaccination dose delivered by the states and territories.

Queensland's vaccine roll-out will continue to track the Australian Government vaccine supply.

2.4 Queensland conditions and outlook

When the 2020–21 Budget was delivered in December 2020, the Queensland economy was forecast to grow by ¼ per cent in 2020–21 and 3½ per cent in 2021–22. Since that time, the domestic economy has grown faster than forecast, bolstered by a range of factors, including a surge in dwelling activity and investment.

As restrictions were unwound, State Final Demand (SFD) grew by 7 per cent in the September quarter, and by 2.3 per cent across the December and March quarters, to be 3 per cent above the pre-COVID-19 level of March quarter 2020.

Annual growth in Queensland's domestic economy was almost double the 1.7 per cent growth recorded in the rest of Australia's domestic economy and faster than the rise of only 1.9 per cent in New South Wales. Domestic activity in Victoria in the March quarter 2021 was still 0.3 per cent below its pre-COVID-19 level.

Despite the improved outlook in SFD, the trade sector faces ongoing uncertainty about the timing and extent of the global recovery and about the status of trade with China. International travel restrictions are expected to continue to impact Queensland's international tourism exports and limit overseas student arrivals in 2021.

Overall, growth in domestic activity is expected to more than offset the decline in the trade sector and Queensland's GSP, after falling by 0.7 per cent in 2019–20, is forecast to rebound to growth of 3¼ per cent in 2020–21.

Further solid growth of 2¾ per cent is forecast for 2021–22, as the dwelling construction boom maintains momentum and business investment rebounds after several years at subdued levels.

In comparison, the national economy is forecast by Australian Treasury to grow by 1¼ per cent in 2020–21, 4¼ per cent in 2021–22 and 2½ per cent in 2022–23. Importantly, Queensland's faster recovery means that aggregate growth across the 3 forecast years will be stronger in Queensland (around 9 per cent) than for the nation as a whole (around 8¼ per cent).

Over the remainder of the forward estimates, Queensland's GSP growth is expected to average 2¾ per cent per annum, driven by the strength of the domestic economy and further improvements in exports.

Consistent with the strong rebound in domestic activity, employment in Queensland has also recovered strongly and fared better than the rest of Australia. By late 2020, total employment in Queensland had already exceeded the pre-pandemic level of March 2020, while the state's monthly unemployment rate has fallen substantially from its COVID-19 induced peak of 8.7 per cent in July 2020, to be around pre-pandemic rates by April 2021.

In year-average terms, employment is now forecast to grow by 2¼ per cent in 2020–21 and 3 per cent in 2021–22. In quarterly seasonally adjusted terms, employment is forecast to rise by 8¾ per cent (around 212,400 persons) through the year to June quarter 2021.

The unemployment rate is expected to have peaked (in quarterly terms) at 7.7 per cent in September quarter 2020 and is forecast to decline to 6¼ per cent in June quarter 2021. The unemployment rate is expected to continue to improve steadily over the forecast period to be 5 per cent by June quarter 2025.

Table 2.1 Queensland economic forecasts/projections[1]

	Actuals		Forecasts		Projections	
	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
Gross state product[2]	**-0.7**	**3¼**	**2¾**	**2¾**	**2¾**	**2¾**
Nominal gross state product	-1.5	2¼	6¾	5¼	5	4¾
Employment[3,4]	0.6	2¼	3	1¾	1¾	1¾
Unemployment rate[5,6]	7.6	6¼	5¾	5½	5¼	5
Inflation[3]	1.2	2	1¾	1¾	2	2¼
Wage Price Index[3]	1.9	1¾	2¼	2¼	2½	2¾
Population[3]	1.7	1	1	1¼	1½	1½

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. Chain volume measure (CVM), 2018–19 reference year.
3. Annual percentage change, year-average.
4. The comparable through the year employment growth rates to the June quarter (seasonally adjusted) are -4.5 per cent, 8¾ per cent, 1¾ per cent, 1¾ per cent, 1¾ per cent and 1¾ per cent, from June quarter 2020 to June quarter 2025 respectively.
5. Per cent, June quarter average, seasonally adjusted.
6. The comparable year-average unemployment rates are 6.4 per cent, 7 per cent, 5¾ per cent, 5½ per cent, 5¼ per cent and 5 per cent, from 2019–20 to 2024–25, respectively.

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

2.4.1 Household consumption

Household consumption fell by 10.2 per cent over the first half of 2020, before recovering more strongly than expected in the latter half of the year.

As COVID-19 restrictions were progressively unwound, a swift recovery in labour income, underpinned by significant government income support measures, saw Queensland's consumer spending increase by 14.5 per cent across the September and December quarters, to end the year 3.6 per cent above the pre-pandemic level (Chart 2.2).

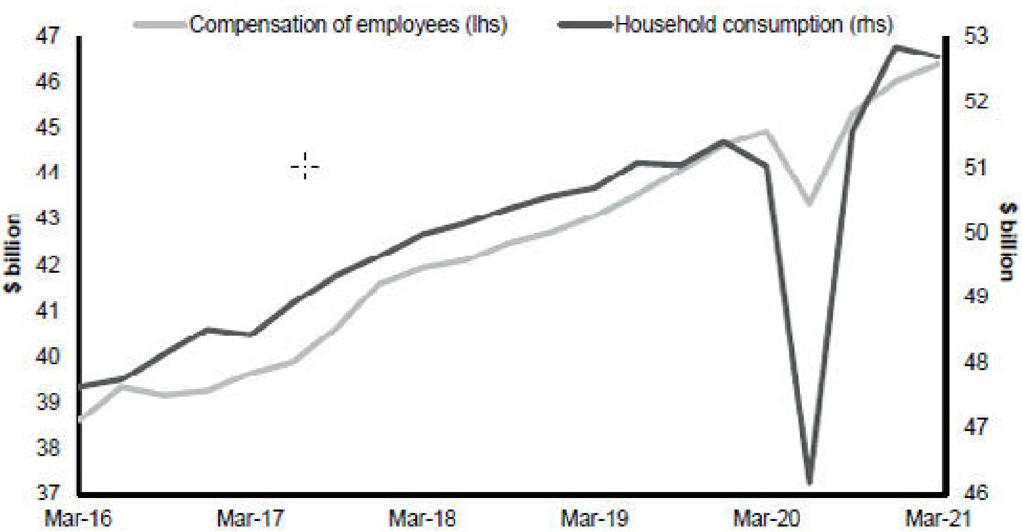
Greater Brisbane's brief COVID-19 lockdowns in early-2021, as part of the emergency health response to locally acquired cases, had only marginal impacts on Queensland household spending levels. Consumption fell by 0.3 per cent in the first quarter of 2021, but it remained 3.3 per cent above the pre-COVID-19 level of March quarter 2020.

Consumer spending patterns have continued to adjust over the past few quarters and the composition of consumption expenditure is expected to normalise in the remainder of 2021 as uncertainty related to health and economic outcomes diminish. Expenditure in some categories, such as household goods, will continue to benefit from the substitution of expenditure away from overseas travel.

On balance, and reflecting the better than expected rebound in the second half of 2020 from the substantially reduced spending levels in June quarter 2020, in year-average terms household consumption is now forecast to grow by 5¼ per cent in 2020–21.

Looking further ahead, with the Australian Government's withdrawal of national income support programs and the rollout of COVID-19 vaccination programs taking effect, growth in household consumption is forecast to return to its pre-COVID-19 trajectory from 2021–22 onwards. The substantial strengthening in the dwelling construction sector and sustained growth in labour income are expected to support consumer spending growth of 3 per cent in 2021–22 before growth eases slightly to 2½ per cent in 2022–23.

Chart 2.2 Labour income[1] and household consumption[2], Queensland



Notes:

1. Nominal, quarterly, seasonally adjusted.
2. Chain volume measure, quarterly, seasonally adjusted.

Source: ABS National Accounts, State Details.

2.4.2 Dwelling investment

Dwelling investment has rebounded strongly since the pandemic-induced low in June quarter 2020. After rising by 13.7 per cent over the last 2 quarters of 2020, dwelling investment in Queensland rose by a further 10.8 per cent in March quarter 2021, to be 18.4 per cent higher over the year.

The construction of new and used dwellings rose by 8.1 per cent in March quarter 2021, to be 14.6 per cent higher over the year. Renovation activity also continued to grow strongly, rising by 13.6 per cent in the March quarter, to be 22.5 per cent higher over the year, reaching its highest level on record. The combination of record low interest rates, clear indications by the RBA that rates will remain low for several years and generous government incentives continue to boost the outlook for dwelling investment, particularly for detached houses.

Measures such as the Queensland Government's reaffirmed commitment to the $15,000 First Home Owners Grant program, and the $5,000 Regional Home Building Boost Grant, along with the Australian Government's First Home Loan Deposit Scheme and HomeBuilder Grant, have underpinned strong growth in residential construction and continue to support the outlook.

On 17 April 2021, the Australian Government extended the construction commencement requirement for HomeBuilder applications from 6 to 18 months from the signing of the contract.

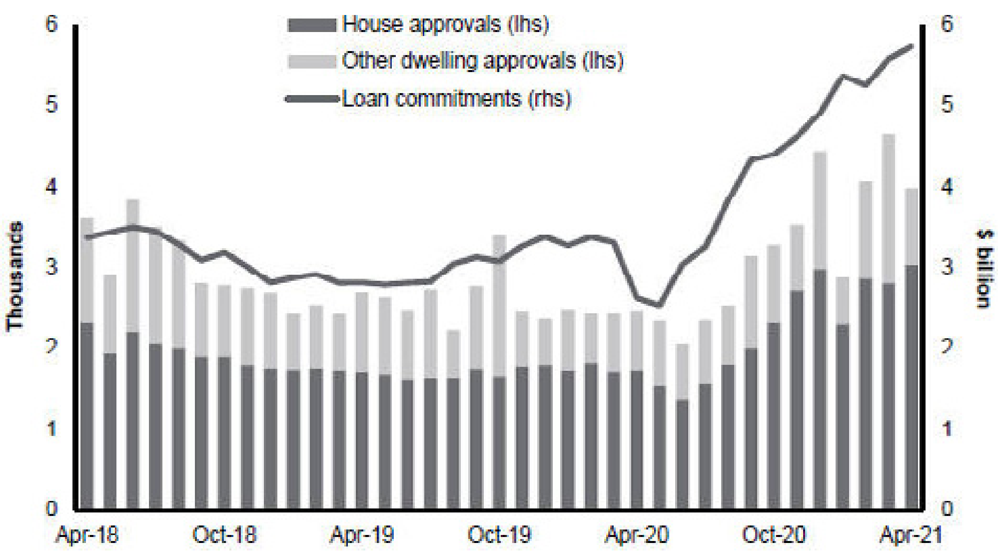
Given the large amount of residential construction work now in the pipeline, this is expected to see new dwelling construction activity in Queensland maintained at a high level into 2022–23.

Leading indicators for the housing market have surged beyond their pre-COVID-19 levels, pointing to continued strength in dwelling investment in the coming quarters. The number of dwelling approvals in Queensland has risen strongly over the year (Chart 2.3), with approvals for detached houses and attached dwellings both higher. Encouragingly, the strength in approvals has been distributed broadly across most of the state's regions, supporting activity and jobs.

Loan commitments for both owner-occupiers and investors have also grown rapidly over the year, rising well above their pre-pandemic levels. In early-2021, the value of commitments for owner-occupiers reached their highest level since the inception of the series in July 2002. Further, this surge has been distributed across both first-home and non-first-home buyers.

As a result, the outlook for dwelling investment has improved considerably since the 2020–21 Budget, with dwelling investment now forecast to grow strongly in 2020–21 and 2021–22, before moderating slightly in 2022–23.

Chart 2.3 Queensland dwelling approvals and loan commitments to households[1]



Note:

1. Monthly, seasonally adjusted.

Sources: ABS Building Approvals and ABS Lending Indicators.

2.4.3 Business investment

With the onset of the pandemic, business confidence fell sharply in March and April 2020 to levels last seen during the early 1990s recession. Spending on non-dwelling construction and machinery and equipment fell by 8.6 per cent in June quarter 2020.

The subsequent success in controlling the spread of COVID-19 in Queensland and the easing of many social distancing restrictions have resulted in a strong rebound in business confidence and conditions, with firms now reporting the best business conditions for some years (Chart 2.4).

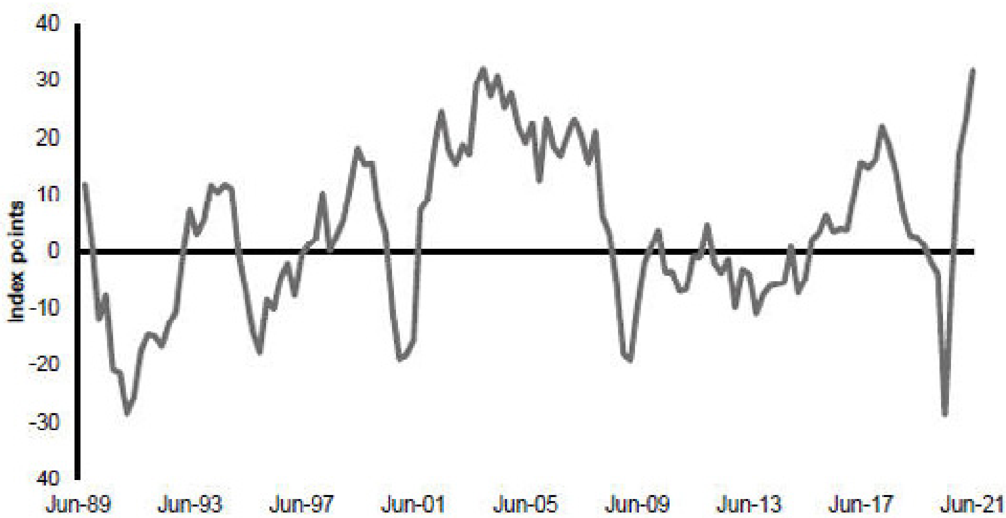
Consistent with the improvement in business conditions, the NAB Monthly Business Survey points to a likely upward revision to capital spending nationally. Capacity utilisation has also recovered to be above its long-run average. Together with a sustained period of low interest rates, a tighter labour market and tax incentives for business, this should encourage capacity-expanding investment in machinery and equipment.

Private engineering construction, which typically involves long-term projects, has held up well during the pandemic. Over the year to December quarter 2020, the value of work commenced fell only 2.5 per cent while the value of work yet to be done also fell only modestly. The global economic recovery and improving commodity prices should support some recovery in this area.

Non-residential building investment faces stronger headwinds than machinery and equipment investment and engineering construction. Forward indicators remain subdued with private non-residential building approvals continuing to trend downward. Key challenges include the impact of international border closures on hotels and low office occupancy rates.

Overall, business investment is expected to grow by 4 per cent in 2021–22 after 3 consecutive years of decline. Investment in machinery and equipment is expected to recover at a stronger pace than non-dwelling investment, which is expected to be constrained by some ongoing weakness in non-residential building investment.

Chart 2.4 Business Conditions[1], Queensland



Note:

1. Quarterly, seasonally adjusted by Queensland Treasury. June quarter 2021 is an estimate based on monthly data.

Source: NAB Quarterly Business Survey.

2.4.4 Public final demand

Public final demand has grown strongly in recent years, averaging 5.2 per cent growth over the 5 years to 2019–20, supported by a range of initiatives, including the National Disability Insurance Scheme, the NBN, substantial investment in roads and the Cross River Rail project.

State and local general government investment has made a significant contribution to the domestic economy since the start of the pandemic, rising 15.3 per cent over the year to March quarter 2021. This compares to a small decline in national general government investment in Queensland over the same period.

Growth in public final demand is expected to remain solid in 2020–21, driven by the ramp up in the construction of the Cross River Rail project and the continuation of spending measures implemented to combat COVID-19 and support the Queensland economy.

The Budget continues the government's commitment, in line with the *Economic Recovery Plan*, to provide the ongoing support, stimulus and reform needed to drive sustainable economic growth across the state. The government's response to COVID-19 includes $14.2 billion of initiatives, including investments in productivity-enhancing economic and social infrastructure to support the recovery and drive growth. This will continue to support an environment in which private investment can flourish and create new jobs into the future.

2.4.5 Overseas exports and imports

Queensland's overseas exports of goods and services are expected to decline by 15¾ per cent in 2020–21, driven by a decline in coal exports. Exports are forecast to recover by 5¾ per cent in 2021–22 and 10¼ per cent in 2022–23.

Coal

In the first 10 months of 2020–21, Queensland's coal exports were 17.9 million tonnes (Mt) (or 9.8 per cent) lower than in the same period of 2019–20, with thermal coal exports down by 25.1 per cent and hard coking coal exports down by 5.2 per cent. Overall, Queensland's coal exports are expected to decline 8¾ per cent in 2020–21, reflecting the contraction in global demand.

China's import ban on Australian coal has also affected Queensland's coal exports. From October 2020 to April 2021, China imported only 2.5Mt of hard coking coal and 330,000 tonnes of thermal coal from Queensland. In comparison, in the corresponding period in 2019–20, China imported 20Mt of hard coking coal and 8.6Mt of thermal coal.

Increases in Queensland's hard coking coal exports to India (up 6.8Mt), Japan (up 2.4Mt) and South Korea (up 1.8Mt) have been able to partially offset the loss of hard coking coal exports to China, while thermal coal exports to India (up 2.2Mt) have also increased over the same period.

The import ban has also reduced the spot price for premium Australian hard coking coal, which has averaged US$117 per tonne (/t) between mid-October 2020 and early-June 2021, compared with US$140/t during late September 2020.

In comparison, the price for hard coking coal delivered to China averaged US$192/t over the period from mid-October 2020 to early-June 2021, indicating Chinese buyers have had to pay a significant premium to source non-Australian coal over this period. Indonesian thermal coal prices have also traded at a premium relative to Australian thermal coal over this period, although to a lesser extent than for hard coking coal.

A recovery in demand for Australian coal from non-Chinese buyers in late-May/early-June 2021 saw the spot price for hard coking coal increase from US$114/t to US$168/t and the spot price for thermal coal increase from US$56.35/t to US$73.35/t. Despite the recovery in Australian spot prices, Chinese importers were still paying a significant premium to source non-Australian coal.

Looking forward, Queensland's coal exports are forecast to recover by 1¾ per cent in 2021–22, driven by the continued recovery in global economic activity from the COVID-19 pandemic. Some pick up in coal exports to China is expected from 2022, but with some ongoing impacts on Queensland's coal export volumes to China continuing to persist for a number of years.

The timing and extent of the unwinding of China's coal import ban is still uncertain and remains a key risk to the outlook. Importantly, despite the recovery forecast in 2021–22, Queensland's coal exports are expected to remain below 2019–20 levels. From 2021–22 to 2024–25, Queensland's coal exports are expected to grow by around 4½ per cent per annum.

LNG

The volume of Queensland's LNG exports is estimated to grow by 4¼ per cent in 2020–21, as the supply of LNG from Australia has increased to meet demand driven by a cold snap in the Northern Hemisphere and to offset shortfalls arising at global LNG facilities.

The COVID-19 pandemic only modestly affected export volumes, with all 3 of Queensland's LNG plants opting to bring forward significant maintenance during the low-price period. However, the pandemic had a significant impact on the price of Queensland's LNG exports in 2019–20, which in turn drastically reduced the value of Queensland's LNG exports.

The majority of Queensland's LNG exports are sold under long-term contracts linked to global oil prices (with several months lag). The sharp fall in global oil prices from March 2020 saw Queensland's LNG export prices fall sharply in the second half of 2020. As a result, the value of Queensland's LNG exports is expected to fall by 38½ per cent in 2020–21, to $9.6 billion.

Production cuts by global oil producers have seen oil prices recover to above US$70/barrel, which should see the price (and value) of the state's LNG exports rebound throughout 2021. With global demand for energy still subdued, LNG export volumes are expected to fall slightly in 2021–22, before plateauing over the remainder of the forecast period.

Metals

In the absence of significant new projects, the outlook for Queensland metals export volumes is relatively stable over the forecast period, with the ramp up in new or expanded production completed during 2019–20. As expected, the impact of COVID-19 on domestic metals production was limited, while key metal prices have recovered to be above pre-pandemic levels.

Agriculture

The volume of agriculture exports is estimated to have fallen by 6.6 per cent in 2019–20, driven by dry conditions across most of the state. Despite improved growing conditions, agriculture exports are forecast to fall further in 2020–21, as a decline in beef exports more than offsets increased crop exports.

Agriculture exports are expected to return to growth in 2021–22, supported by higher cotton and crop production. However, beef production and exports are not expected to return to growth until 2022–23, further supporting agriculture exports over the medium term.

Cattle slaughter rates in Queensland have declined sharply in 2020–21, with increased rainfall over the summer (due to the brief La Niña) encouraging herd rebuilding. Increased demand for restocking has supported higher saleyard prices, which reached record levels in 2020–21.

These conditions, along with a small breeding cow inventory in early 2019–20, mean that herd expansion in Queensland is likely to be slow, constraining growth in beef production until 2021–22. Looking further out, a return towards normal seasonal conditions and a recovery in the size of the cattle herd are expected to see beef exports gradually return to growth.

The harvest outcome for the 2020 season suggests sugar export volumes are expected to decline in 2020–21. However, sugar exports are expected to return to growth in 2021–22, reflecting a higher area harvested and an elevated sugar content in crushed sugar. Given Queensland's sugar industry is well developed, with limited opportunity for increasing land allocation in the near-term, growth is expected to remain moderate to the end of the forecast period.

Cotton production and exports fell sharply in 2019–20 due to poor seasonal conditions and impacts from the COVID-19 pandemic on cotton demand and prices. However, cotton production is expected to rebound significantly in 2020–21, as improved rainfall, water storage and higher cotton prices have encouraged farmers to increase the area planted to cotton, resulting in higher cotton exports in 2021–22.

Reflecting improved seasonal conditions, other crop exports are expected to significantly increase in 2021–22, driven by increases in the production of most crops, including grain sorghum, wheat and chickpeas.

Agriculture and food manufacturing play a key role in regional economies. As outlined in the Economic Strategy Chapter 1.4, Leveraging our Natural and Competitive Advantages, a range of government policies and initiatives are designed to help the sector add value to the economy, the community and the environment by promoting the productivity, profitability, sustainability, and resilience of these industries, as well as safeguarding the natural environment.

Services exports

The closure of international borders since March 2020 reduced the inflow of international tourists and students to negligible levels. While the impact on international tourism was immediate, the impact on education exports has occurred during the early-2021 intake period, as most international students had arrived ahead of the March 2020 border closures.

Consistent with the 2021–22 Federal Budget assumptions, international tourism and education exports are not expected to recover to normal levels until a general reopening of international borders, most likely in the second half of calendar year 2022.

Imports

The significant rebound in economic activity following the easing of COVID-19 restrictions is expected to flow through to higher goods imports in the second half of 2020–21 and beyond. In year-average terms, Queensland's goods imports (overseas and interstate) are still forecast to fall by 5½ per cent in 2020–21, before rising by 8½ per cent in 2021–22 as the domestic economy recovers and demand for imports increases.

2.4.6 Labour market

Queensland's labour market has recovered rapidly from the COVID-19 downturn in June quarter 2020. Between March and May 2020, employment fell by 198,300 persons (or 7.7 per cent), the largest decline in the history of the series. The participation rate fell from 65.5 per cent in March to 61.7 per cent in May 2020, the state's lowest rate since the 1980s.

These declines likely would have been more significant if not for the substantial government support at both a national and state level, including the JobKeeper wage subsidy program, which ensured that many Queenslanders who were working zero hours remained notionally employed.

The number of people who were employed but worked zero hours for economic reasons in Queensland rose from 12,000 in March 2020 to 126,800 in April 2020 and did not return to pre-COVID-19 levels until late 2020. Reflecting this, the number of hours worked in Queensland fell by 9.1 per cent between March and April, with the unemployment rate rising from 5.8 per cent in March 2020 to a peak of 8.7 per cent in July 2020.

However, since May 2020, Queensland's labour market has recovered much faster and further than initially anticipated, in line with the stronger than expected recovery in domestic activity.

Employment in Queensland increased by 253,200 persons between May 2020 and April 2021, exceeding its pre-pandemic level.

Partially reflecting this strong employment growth, the participation rate rebounded strongly and has remained above its pre-pandemic level since September 2020. While the rebound in the participation rate from 64.1 per cent to 66.4 per cent has tempered the recovery in the unemployment rate, it has still fallen substantially, from a peak of 8.7 per cent in July to 6.1 per cent in April 2021.

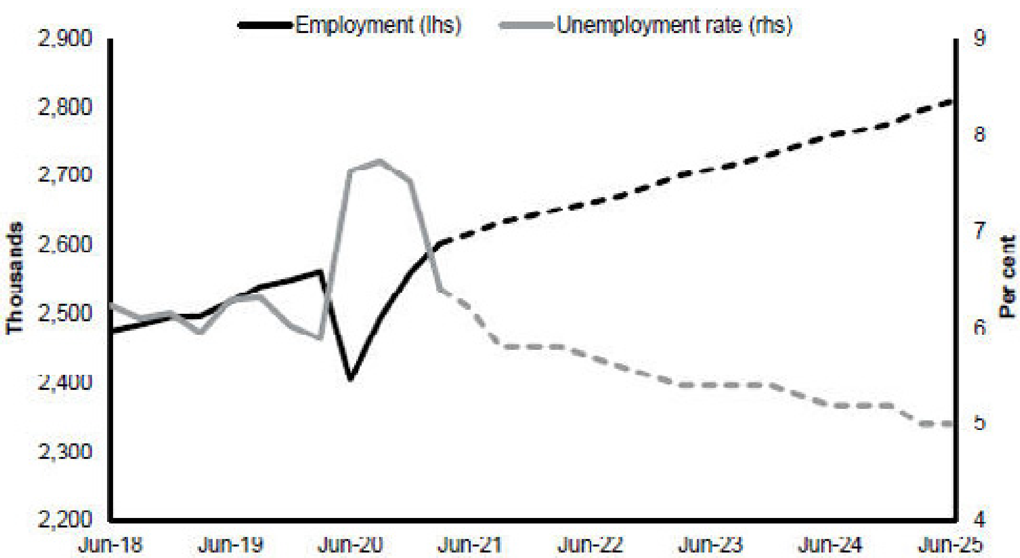
Employment fell by 7,400 persons in April 2021, suggesting that the end of the JobKeeper program contributed to the disruption in Queensland's post-pandemic employment growth, particularly in sectors and regions exposed to international travel and tourism.

Supported by robust household consumption growth and the current surge in housing construction, employment is expected to grow by 2¼ per cent in 2020–21 and strengthen further to 3 per cent in 2021–22.

From 2022–23, employment growth is expected to moderate to 1¾ per cent per annum, in line with growth in economic activity returning to around pre-pandemic rates and slightly above population growth.

The unemployment rate is expected to average 6¼ per cent in June quarter 2021. Supported by strong employment growth, the unemployment rate is forecast to fall further to 5¾ per cent in June quarter 2022, before improving further to 5 per cent by June quarter 2025 (Chart 2.5).

Chart 2.5 Employment[1] and unemployment rate[2] outlook[3], Queensland



Notes:

1. Seasonally adjusted, quarterly, thousand persons.
2. Seasonally adjusted, quarterly, per cent.
3. June quarter 2021 onwards are forecasts.

Sources: ABS Labour Force and Queensland Treasury.

Box 2.2 Participation and unemployment rate trends

The decision to seek work and therefore participate in the labour force is strongly influenced by the likelihood of finding employment. Reflecting the "encouraged worker effect", robust employment growth can lead to a higher participation rate, as prevailing labour market conditions make potential workers more confident of securing work.

A key driver of high labour force growth is population growth, including net interstate and overseas migration. Historically, periods of strong employment growth have coincided with high migration, as interstate and overseas residents relocate to Queensland to pursue better employment opportunities.

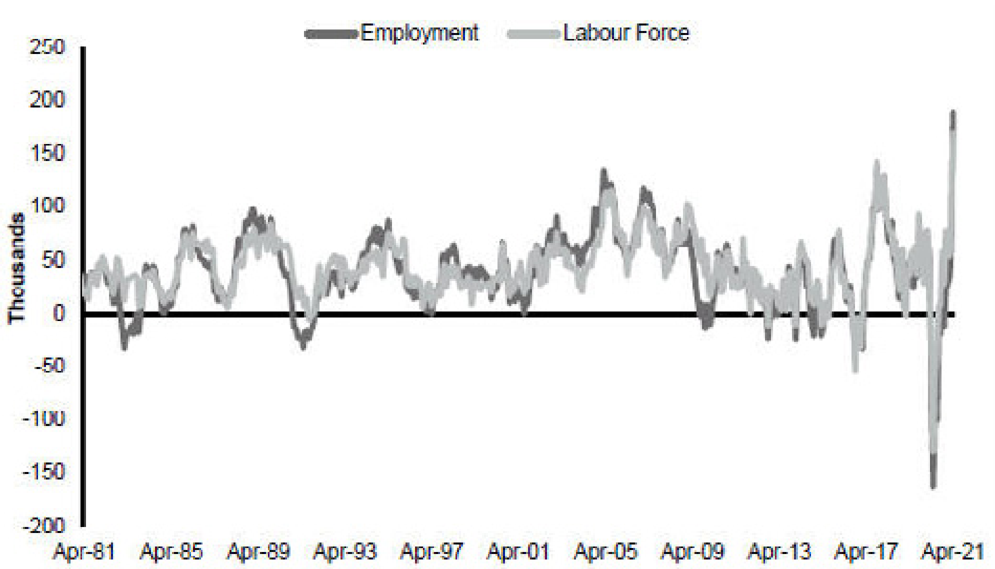
As a result, periods of strong jobs growth in Queensland do not always translate directly into a falling unemployment rate. Instead, employment growth encourages rising participation, including via migration, with many new labour force participants not finding work immediately. Additionally, many new participants may be entering the labour market for the first time or may be re-entering the labour force after a long time.

The strong recovery in Queensland's labour market from the COVID-19 shutdowns in April 2020 has highlighted aspects of the encouraged worker effect. Between May 2020 and April 2021, employment in Queensland increased by 253,200 persons. At the same time, the participation rate increased by 4.7 percentage points, reflecting growth in the labour force by 222,100 persons.

As a result, because the participation rate is now almost 1 percentage point higher than its pre-crisis level, the unemployment rate of 6.1 per cent in April 2021 remains slightly above its level of 5.8 per cent before COVID-19.

Chart 2.6 highlights the extent to which labour force growth in Queensland has moved in line with employment growth over time, thereby tempering changes in the unemployment rate.

Chart 2.6 Growth in Employment and the Labour Force, Queensland[1]



Note:

1. Seasonally adjusted, Monthly, annual difference, thousand persons.

Source: ABS Labour Force Survey

These trends highlight that the unemployment rate is an imperfect measure of labour market performance, and should be considered alongside other metrics, including employment growth and the participation rate.

The performance of Australian jurisdictions in relation to these labour market indicators has varied considerably over time, reflecting a range of structural and demographic factors. Despite often strong employment growth, Queensland has generally tended to have an unemployment rate higher than the national average over many decades.

Since the start of the ABS monthly Labour Force series in February 1978, Queensland's seasonally adjusted monthly unemployment rate has been above the national rate for 75 per cent of all months, by an average of 0.5 percentage point.

At the same time, Queensland has recorded a higher monthly participation rate in 71 per cent of the months since February 1978, with the state's participation rate, on average, being 0.7 percentage point higher than the national rate.

Queensland's generally higher unemployment rate over time reflects a range of factors, including differences in labour force growth and participation (including higher youth participation), as well as differences in industry structure, demographic characteristics, and Queensland's more geographically dispersed population compared with other jurisdictions.

Regional labour markets

Queensland's major tourism regions of the Gold Coast, Sunshine Coast and Cairns initially endured the most significant impacts of COVID-19. Between mid-March and mid-April 2020, the number of employee jobs fell by more than 10 per cent in all 3 regions, the largest falls of the regions in Queensland.

As restrictions were eased in the second half of 2020 and domestic travel resumed, labour market conditions in these regions recovered. However, international border closures have meant that overall tourism activity remains below its pre-pandemic level.

Other regional economies more reliant on mining and agriculture have not been impacted as heavily by COVID-19. Agricultural production has not been significantly affected and, while prices declined in the initial stages of the pandemic, they had generally recovered to be above pre-COVID-19 levels by late-2020. Similarly, metals mining production was largely unaffected by the pandemic, with most large producers reporting that their production levels were not substantially impacted.

The coal mining regions of Central Queensland and Mackay–Isaac–Whitsunday have been affected by the lower coal prices throughout the second half of 2020, with Queensland Mines Inspectorate data showing the number of workers at Queensland coal mines fell by 6.1 per cent over the year to December quarter 2020.

Box 2.3 Queensland's economic recovery – a strong performance

Queensland's economic recovery from the COVID-19 induced downturn in 2020 reflects the state's success in controlling the spread of the virus and is highlighted in a range of key economic indicators.

Following a 7 per cent rebound in September quarter 2020, domestic activity continued to recover in the December and March quarters, to be 3 per cent above the pre-COVID-19 level of March quarter 2020. This was almost double the 1.7 per cent growth in the rest of Australia's domestic economy over the year to March quarter 2021.

Of the states, only Western Australia recorded higher growth over the year (up by 3.8 per cent), while growth in New South Wales was only 1.9 per cent, and domestic activity in the Victorian economy remained 0.3 per cent below its pre-COVID-19 level.

Other key indicators of economic activity are also showing Queensland out-performing the rest of the nation:

- real retail turnover rose by 6.2 per cent over the year to March quarter 2021, stronger than the rest of Australia (up 4.3 per cent)
- the number of dwellings approved in Queensland in the first 4 months of 2021 was 58.4 per cent higher over the year, compared with growth of only 29.2 per cent in the rest of Australia
- total dwelling starts were up 29.3 per cent in Queensland over the year to December quarter 2020, compared with growth of 17.4 per cent in the rest of Australia
- the value of dwelling finance commitments to households (excluding refinancing) was up 118 per cent over the year to April 2021, compared with growth of 59.9 per cent in the rest of Australia
- net interstate migration to Queensland totalled more than 30,000 over 2020, with Western Australia the next highest state with a net increase of 1,385 residents. The 2021–22 Federal Budget has forecast just under a cumulative 85,000 additional net interstate migrants to Queensland by June 2025.

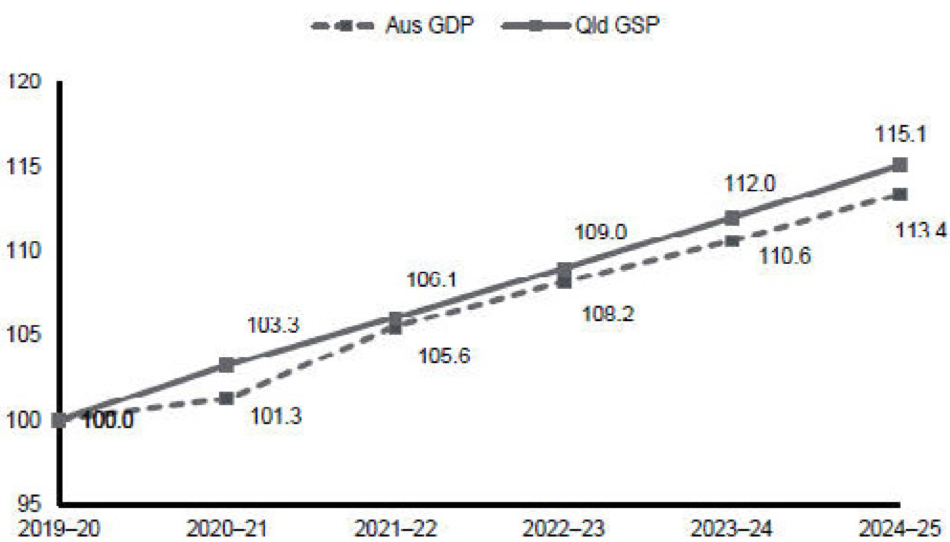
The state's success in controlling the virus, combined with the significant government stimulus, including the Queensland Government's *Economic Recovery Plan*, has underpinned consumer and business confidence. In turn, this has driven a strong recovery in household consumption and private investment.

Reflecting the improved domestic conditions, Queensland GSP is forecast to rebound by 3¼ per cent in 2020–21, with robust ongoing growth of 2¾ per cent forecast for 2021–22 and in each subsequent year across the forward estimates.

In comparison, the national economy is forecast by Australian Treasury to grow 1¼ per cent in 2020–21, 4¼ per cent in 2021–22 and 2½ per cent in 2022–23. Importantly, Queensland's faster recovery means that aggregate growth across the 3 forecast years will be stronger in Queensland (around 9 per cent) than for the nation as a whole (8¼ per cent).

If the last 2 ‘projection’ years of the forward estimates period are included, aggregate growth in Queensland of around 15 per cent over the five years further outpaces national growth of around 13½ per cent (Chart 2.7).

Chart 2.7 GDP/GSP outlook[1] – Queensland’s comparative growth



Note:

1. Index points, 2019–20 = 100.

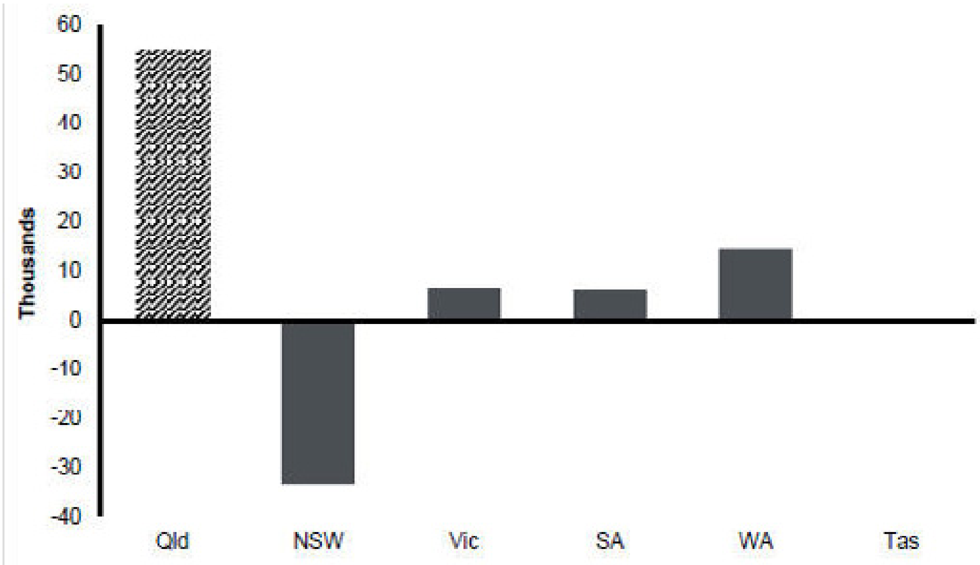
Sources: Australian Treasury and Queensland Treasury.

The strong recovery in the domestic economy has seen Queensland already recover all of the jobs lost during the COVID-19 crisis period. Employment in Queensland has rebounded to be 54,900 persons higher in April 2021 than its pre-pandemic level in March 2020.

Importantly, Queensland has recorded the strongest employment growth of any jurisdiction since March 2020.

In comparison, New South Wales’ employment in April was 33,400 persons below its pre-pandemic level, while Victoria was only 6,500 persons above its March 2020 level (Chart 2.8).

Chart 2.8 Growth in Employment[1] since March 2020 (i.e. pre-COVID-19)



Note:

1. Seasonally adjusted, thousand persons. *Source: ABS Labour Force.*

2.4.7 Prices and wages

The rebound in Brisbane's consumer price index (CPI) has been stronger than initially expected following the historic 2.2 per cent decline in the CPI in June quarter 2020. The CPI increase reflected a stronger-than-expected rebound in global oil prices which has flowed through to higher automotive fuel prices. CPI growth in 2020–21 is now expected to be 2 per cent, markedly higher than the 2020–21 Budget forecast of 1¼ per cent.

Beyond 2020–21, continued price growth in the housing market in 2021–22 is expected to offset the Australian Government's discontinuation of the 12.5 per cent annual increase in the tobacco excise.

Spare capacity in the Queensland labour market is likely to result in little upward pressure on wages and prices in the near-term. As a result of these trends, CPI growth is expected to remain modest over the medium-term, before returning to within the RBA's target band as the labour market continues to tighten and the unemployment rate falls towards 5 per cent.

2.4.8 Population

Queensland's population growth in 2019–20 was negatively impacted by the COVID-19 pandemic. International travel restrictions implemented in late-March 2020 curtailed net overseas migration in the June and September quarters of 2020. Further impacts on net overseas migration are expected over the remainder of 2020–21, including in March quarter 2021, due to an expected large decline in international student arrivals.

The relaxation of interstate border restrictions in the second half of 2020 has meant interstate migration has been only minimally impacted by the pandemic, and strengthening domestic activity is expected to see interstate migration returning to more normal levels over time.

Over the past several decades, consistent positive net interstate migration has underpinned Queensland's population growth, out-stripping the national average. In addition to the State's enviable lifestyle, Queensland's climate, competitive taxation rates and relative housing affordability have been key drivers in attracting interstate migrants.

These fundamental drivers remain in place, with the latest (May 2021) CoreLogic data showing the Brisbane median dwelling price of $574,572 was around 41 per cent below that in Sydney ($970,355) and around 22 per cent below Melbourne ($740,562).

Natural population increase is not expected to be materially impacted by the pandemic, with only minor changes to birth and death rates.

On balance, Queensland's population growth is forecast to slow to one per cent in both 2020–21 and 2021–22, before gradually strengthening to 1¼ per cent in 2022–23 and 1½ per cent in both 2023–24 and 2024–25, in line with the expected easing of restrictions on international travel. Reflecting the anticipated normalisation of interstate migration levels, Queensland's population growth is expected to be slightly stronger than that nationally over the forecast period.

2.5 Risks to the outlook

The key risks to the economic outlook remain centred around the global pandemic. In addition to the risk of new outbreaks, there is considerable uncertainty about the pace of the vaccine rollout and the ultimate process for reopening of international borders.

As the domestic economy recovers, it is expected that governments will continue to wind back the substantial economic stimulus introduced in response to the crisis. So far, the pace of withdrawal does not appear to have adversely impacted the recovery, with many major fiscal policy measures introduced during 2020 having already been wound back or ceased, but domestic activity has continued to rebound strongly. Therefore, risks related to the potential withdrawal of stimulus measures have arguably reduced since the time of the previous Budget.

However, a high level of monetary policy stimulus remains in place and the timing of any return to more normal monetary policy conditions remains an ongoing challenge for the RBA, given the likelihood that any premature tightening of monetary policy may materially impact sentiment and activity.

At the international level, while the recovery in activity now appears to have considerable momentum, the global economy remains exposed to potential new variants of COVID-19 and further waves of infection, as well as the ongoing uncertainty around the timing and effectiveness of vaccine rollouts in some major economies.

In addition to these various risks related to the pandemic, trade tensions between China and Australia remain an ongoing source of risk and uncertainty related to the outlook for some key Queensland exports.

Table 2.2 Queensland economic forecasts[1], by component

	Actuals		Forecasts	
	2019–20	2020–21	2021–22	2022–23
Economic output[2]				
Household consumption	-1.1	5¼	3	2½
Dwelling investment	-7.1	12½	9¾	-2½
New and used	-13.9	11	20½	1
Alterations and additions	2.6	14	-2½	-7½
Business investment	-6.6	-6	4	7½
Non–dwelling construction	-8.5	-4¾	3	7½
Machinery and equipment	-4.1	-7¼	5¼	7¼
Private final demand	-2.2	4½	3¼	2¾
Public final demand	6.5	4½	3¾	3
Gross state expenditure	-0.3	4¾	3¾	2½
Overseas goods and services exports	-4.5	-15¾	5¾	10¼
Overseas and interstate goods imports	0.6	-5½	8½	4½
Gross state product	**-0.7**	**3¼**	**2¾**	**2¾**
Nominal gross state product	-1.5	2¼	6¾	5¼
Employment[3,4]	0.6	2¼	3	1¾
Unemployment rate[5,6]	7.6	6¼	5¾	5½
Inflation[3]	1.2	2	1¾	1¾
Wage Price Index[3]	1.9	1¾	2¼	2¼
Population[3]	1.7	1	1	1¼

Notes:

1. Unless otherwise stated, all figures are annual percentage changes.
2. CVM, 2018–19 reference year, except nominal GSP.
3. Annual percentage change, year-average.
4. The comparable through-the-year employment growth rates to the June quarter (seasonally adjusted) are -4.5 per cent, 8¾ per cent, 1¾ per cent and 1¾ per cent, from June quarter 2020 to June quarter 2023 respectively.
5. Per cent, June quarter average, seasonally adjusted.
6. The comparable year-average unemployment rates are 6.4 per cent, 7 per cent, 5¾ per cent and 5½ per cent, from 2019–20 to 2022–23, respectively.

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

3 Fiscal strategy and outlook

Features

- The Queensland Government continues to prioritise the ongoing recovery from COVID-19 through targeted expenditure and capital measures. This includes continued frontline health support as well as initiatives to improve Queensland's productive capacity and competitiveness in support of jobs and ongoing growth.
- A new Charter of Fiscal Responsibility supports the Government's strategy to drive recovery, address fiscal repair and restore the state's fiscal buffers. A renewal of Fiscal Principles supports the government's post-COVID-19 fiscal repair strategy, including a return to operating surpluses and stabilising net debt.
- The immediate impact of COVID-19 on Queensland's fiscal position has been significant, with revenues reduced and expenses increased through the broad range of support and stimulus measures implemented by the government.
- In line with improving economic conditions, revenue rebounded strongly in the second half of 2020–21, and is expected to be stronger across the forward estimates.
- The recovery in revenues is allowing the government to balance additional funding for priority service needs, including the evolving COVID-19 response, with improved operating balances and significantly lower net debt and borrowings relative to the 2020–21 Queensland Budget.
- A General Government operating deficit of $3.803 billion is forecast in 2020–21, an improvement compared to the $8.633 billion deficit forecast in the previous Budget.
- Improvements in the operating balance are forecast to continue across the forward estimates, with a return to surplus forecast in 2024–25. Achieving ongoing operating surpluses in the medium term, combined with net operating cashflows from operating activities primarily funding the General Government sector capital program, will allow the government to stabilise debt levels and reduce debt as a proportion of revenue over time.
- As part of the 2020–21 Budget, the government introduced key measures to manage the fiscal impact of COVID-19, including the Savings and Debt Plan and the establishment of the Queensland Future Fund (QFF) – Debt Retirement Fund (DRF) to be funded with contributions totalling $7.7 billion by 30 June 2021.
- General Government net debt in 2020–21 is expected to be $9.69 billion lower than forecast in the 2020–21 Budget. This is driven by a combination of higher revenue, targeted expenses and a material increase in the anticipated value of investments contributed to seed the DRF. The balance of the DRF is estimated to improve the rating agencies' assessment of the state debt to revenue ratio by around 11 percentage points to 13 percentage points when assessing Queensland's debt burden and credit rating.
- Historically low interest rates mean the cost of borrowing remains low, with Queensland's interest expense forecast to be 2.6 per cent of revenue in 2021–22, well below the peak of 4.7 per cent in 2013–14.

- Queensland, like other Australian jurisdictions, is prioritising support for economic recovery over accelerating fiscal repair. However, the fiscal position is expected to also recover from the impacts of COVID-19, with revenue growing more strongly than expenses. Significantly, net cash flows from operating activities are expected to primarily fund the general government sector capital program from 2024–25.

3.1 Update on fiscal recovery

The 2021–22 Queensland Budget maintains the government's focus on supporting jobs and continuing the economic recovery. The government's targeted expenditure, capital prioritisation and initiatives such as the $3.34 billion Queensland Jobs Fund position the economy for ongoing growth and support the rebuilding of fiscal capacity.

Since the 2020–21 Budget, the economy has recovered sooner and stronger than forecast, translating to higher-than-expected increases in key revenue streams. The improvements in revenues, along with expenditure restraint and the continued implementation of the government's Savings and Debt Plan, has ensured that operating deficits are lower than were estimated at the 2020–21 Budget, and a return to an operating surplus is forecast in 2024–25.

Australian governments at all levels increased borrowings to combat the COVID-19 crisis. Queensland was no exception, but the government's borrowings have increased by less than estimated in the 2020–21 Budget. Lower borrowings will enable to state to stabilise debt sooner and restore its capacity to invest in infrastructure and respond to external shocks. Unlike other states, Queensland has maintained its credit rating through the crisis, which has kept debt servicing costs manageable.

The government has developed a new Charter of Fiscal Responsibility (Charter) to inform the 2021–22 Budget strategy. The Charter includes new Fiscal Principles to support the delivery of net operating surpluses and the stabilisation of net debt.

3.1.1 Fiscal Principles

Fiscal Principle 1 – Stabilise the General Government Sector net debt to revenue ratio at sustainable levels in the medium term, and target reductions in the net debt to revenue ratio in the long term.

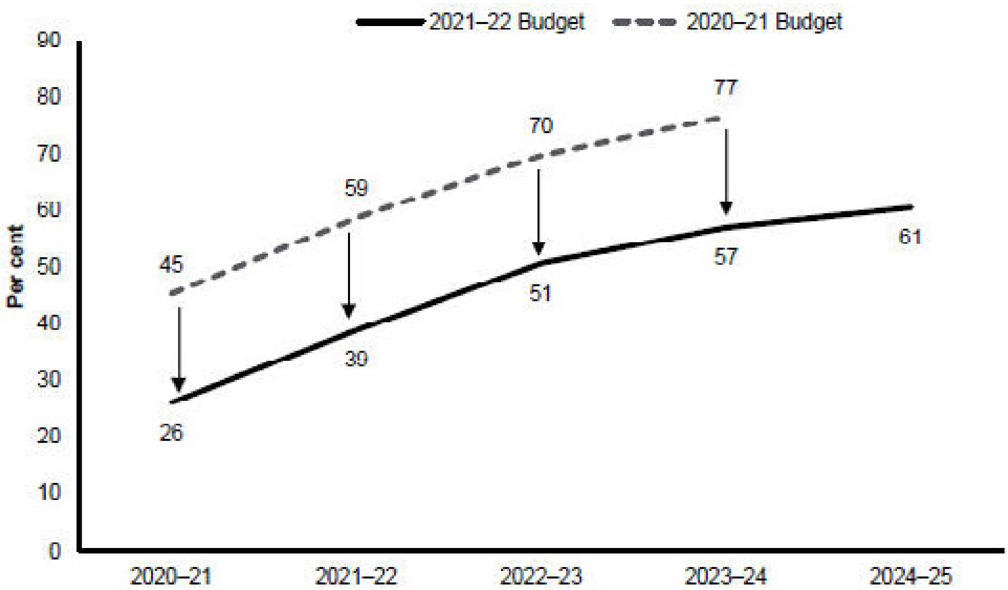
The new Fiscal Principles provide objective measures supporting the government's medium-term strategy for fiscal recovery. A renewal of Fiscal Principles was needed for this Budget to ensure they are fit for purpose and provide a balanced and sensible path to restore Queensland's fiscal buffers as the economic recovery continues. The new Fiscal Principles retain the targeting of full funding of long-term liabilities and maintaining tax competitiveness. In the medium term, net debt will be stabilised and operating surpluses restored by managing growth in general government expenditure to be below average revenue growth.

A key component of the fiscal strategy is to stabilise debt at a sustainable level in the medium term. Queensland's strong public health response and decision to prioritise health and economic recovery during the crisis increased borrowings.

As revenues recover and expenditure growth is managed, the net debt to revenue ratio is forecast to moderate towards the end of the forward estimates, increasing from 57 per cent to 60.5 per cent between 2023–24 and 2024–25.

Continued prudent budget management will reduce the net debt to revenue ratio in the longer term, restoring Queensland's fiscal capacity to help manage future crises.

Chart 3.1 Ratio of General Government net debt/revenue



Net operating deficits over the forward estimates are lower than were forecast in the 2020–21 Budget. As a result, the increase in net debt has also been less than anticipated. Net debt is now expected to moderate at a lower level than previously forecast, additionally offset by an increase in the value of assets being contributed to the Queensland Future Fund (QFF) – Debt Retirement Fund (DRF). Queensland's financial assets are detailed further in Chapter 6.

Box 3.1 Queensland Future Fund – Debt Retirement Fund

The *Queensland Future Fund Act 2020* provides the legislative framework for establishing Queensland Future Funds, including the first such fund, the Debt Retirement Fund (DRF).

The DRF is created with the sole purpose of debt reduction and will hold state investments for future growth to be used to offset state debt to support Queensland's credit rating. Moody's has indicated that the QFF will play a material role in the state's management of its debt.

Assets contributed or being contributed to the DRF in 2020–21 include:

- $6 billion in seed funding from the transfer of the Queensland Titles Registry operations
- $1.5 billion from the surplus assets held to support the Defined Benefit Scheme (DB scheme surplus)
- $206 million in securities held by the State.

Based on the contribution of these investments, the estimated balance of the Debt Retirement Fund as at 30 June 2021 is $7.7 billion.

This balance is greater than the $5.67 billion estimated when first announced in the COVID-19 Fiscal and Economic Review, driven primarily by an uplift in the value of Queensland Titles Registry and an increase in the contribution from the DB Scheme surplus. The DB Scheme remains in a strong surplus position. It remains the only fully funded superannuation liability across Australian state governments.

Separate to the contribution to the DRF, the government is retaining approximately $1.8 billion from the transfer of the Titles Registry to support a number of long-term government priorities, including the establishment of the $1 billion Housing Investment Fund, the $300 million Path to Treaty Fund and a $500 million Carbon Reduction Investment Fund. The returns will be used to support these priorities, with the original funding remaining invested to deliver sustainable and ongoing returns.

Development rights associated with the Cross River Rail (CRR) development lots within the CRR Precincts, the land surrounding the 4 new underground train stations, have also been identified for transfer to the Debt Retirement Fund when construction of the rail tunnel and stations is completed.

Queensland's net debt to revenue ratio of 39 per cent in 2021–22 compares favourably with that of its peers. The net debt to revenue ratio in 2021–22 is 75 per cent for New South Wales (2020–21 Half-Yearly Review) and 137 per cent for Victoria (2021–22 Budget).

The balance of the DRF is estimated to improve the rating agencies' assessment of the state debt to revenue ratio by around 11 percentage points to 13 percentage points when assessing Queensland's debt burden and credit rating.

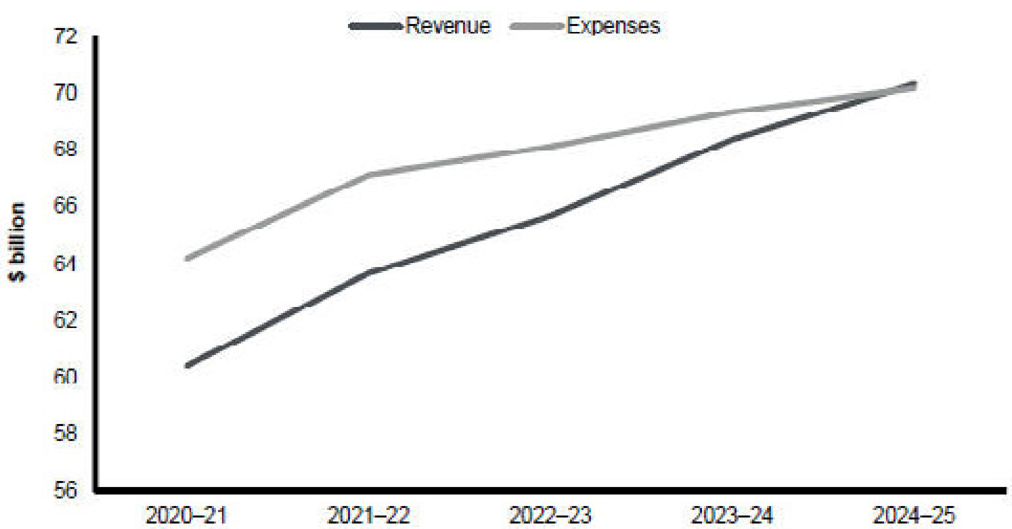
Fiscal Principle 2 – Ensure that average annual growth in General Government Sector expenditure in the medium term is below the average annual growth in General Government Sector revenue to deliver fiscally sustainable net operating surpluses.

The new Fiscal Principle 2 is designed to provide a broad measure of expenditure growth management. It replaces the previous Fiscal Principle 6, which aimed to ensure growth in employee expenses was sustainable through measuring full-time equivalent employee (FTE) growth.

While employee expenses are a large component of overall expenses growth, the monitoring of FTE growth as the sole expenditure-related principle was considered too narrow to guide fiscal recovery from the impact of COVID-19. Frontline services have been pivotal to ensuring the state was protected from COVID-19 and, therefore, critical to ensuring the state's economic recovery. A narrow focus on FTEs could also create perverse incentives for agencies to outsource services at higher cost to the state. A broader principle related to overall expenditure growth ensures all components of expenditure are considered by the fiscal principles. FTE management remains an important part of expenditure management and will continue to be reported in detail in Chapter 5.

Maintaining a lower rate of expenditure growth than revenue growth will deliver an operating surplus by 2024–25 and assist debt stabilisation. Over the forward estimates, revenues are forecast to grow by an average of 3.9 per cent per annum, relative to average expenditure growth of 2.3 per cent with an operating surplus forecast to be achieved in 2024–25 (Chart 3.2).

Chart 3.2 Comparison of revenue and expenditure



Fiscal Principle 3 – Target continual improvements in net operating surpluses to ensure that, in the medium term, net cash flows from investments in non-financial assets (capital) will be funded primarily from net cash inflows from operating activities. The capital program will focus on supporting a productive economy, jobs, and ensuring a pipeline of infrastructure that responds to population growth.

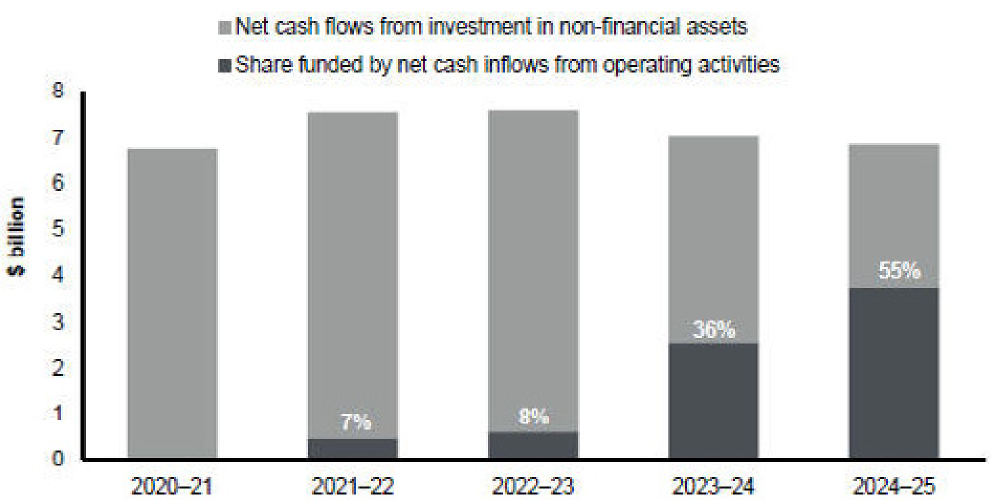
Maintaining a capital program that will support jobs and enhance the productive capacity of the economy remains a government priority. The government's $50 billion Infrastructure Guarantee has ensured the maintenance of a substantial capital program through the COVID-19 crisis and a capital program of $52.216 billion is planned over the 4 years to 2024–25, taking the total infrastructure investment from 2015–16 to 2024–25 to over $110 billion.

A commitment to a large capital program at the same time as stabilising net debt will require the capital program to be primarily funded through operating cash surpluses rather than borrowings. From 2021–22, new capital investment is expected to be increasingly funded from net cash inflows from operating activities. By 2024–25, 55 per cent of the investment in non-financial assets is expected to be funded from operating cash.

This positions Queensland well for continued improvement beyond the forward estimates period, towards the medium-term goal of funding capital primarily through operating cash surpluses.

This is also a substantial improvement compared to the 2020–21 Budget.

Chart 3.3 Share of General Government investments in non-financial assets funded from operating cash surpluses



Fiscal Principle 4 – Maintain competitive taxation by ensuring that, on a per capita basis, Queensland has lower taxation than the average of other states.

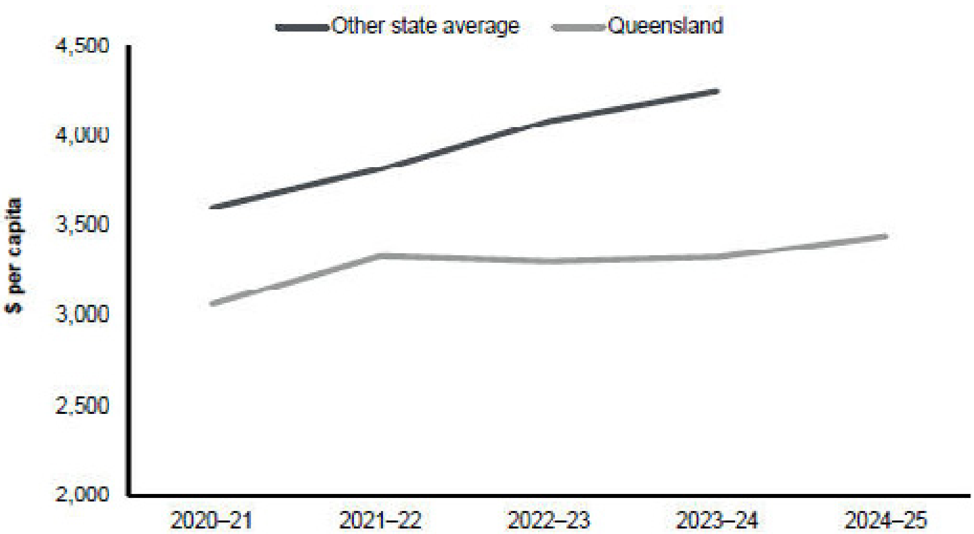
The fiscal principles will ensure that Queenslanders continue to pay less tax than Australians in other states and territories. Compared to the previous Charter, this principle has been adjusted to directly measure Queensland's competitiveness relative to other jurisdictions, rather than as a fixed proportion of GSP. This will provide a more meaningful indication of the comparative impact of Queensland's tax regime and policies.

Based on the latest available outcomes, Queensland's taxation per capita was $771 less than the average of other jurisdictions in 2019–20. On average, Queenslanders paid $1,078 less tax than New South Wales residents and $761 less than Victorian residents.

Using the latest forecasts, Queensland's taxation per capita of $3,328 in 2021–22 compares favourably to an average of $3,814 per capita across the other jurisdictions.

Chart 3.4 demonstrates that Queensland is expected to maintain a highly competitive taxation environment.

Chart 3.4 Taxation per capita, Queensland and other jurisdictions



Sources: 2021–22 budgets for Queensland, Victoria and NT. 2020–21 mid-year updates for NSW and WA, April 2021 pre-election update for Tasmania. 2020–21 budgets for SA and ACT. Population data from 2021–22 Federal Budget.

Fiscal Principle 5 – Target the full funding of long-term liabilities such as superannuation and workers' compensation in accordance with actuarial advice.

The full funding of superannuation and other long-term liabilities is a long-standing Queensland Government priority and a key element of Queensland's financial management. A commitment to this principle will continue through the economic and fiscal recovery from the COVID-19 crisis, and it will remain part of the long-term fiscal strategy.

3.2 Key fiscal aggregates

The key fiscal aggregates for the 2021–22 Budget are outlined in Table 3.1 and are discussed in detail in this chapter.

Table 3.1 Key fiscal aggregates[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Revenue	57,764	56,249	60,396	63,664	65,711	68,408	70,367
Expenses	63,498	64,881	64,199	67,148	68,151	69,376	70,214
Net operating balance	(5,734)	(8,633)	(3,803)	(3,485)	(2,440)	(968)	153
PNFA[2]	6,291	7,572	6,965	7,800	7,786	7,275	7,041
Fiscal balance	(9,158)	(13,440)	(8,159)	(7,965)	(6,379)	(3,630)	(2,079)
Borrowing with QTC	37,570	53,501	47,102	57,240	67,110	73,265	77,761
Leases and other similar arrangements	6,499	7,565	7,779	7,603	7,471	7,780	7,623
Securities and derivatives	198	198	198	198	198	198	198
Net debt	14,046	25,499	15,808	24,750	33,326	39,019	42,573

Notes:

1. Numbers may not add due to rounding.

3.2.1 Net operating balance

Table 3.2 compares the General Government Sector net operating balance forecasts for the previous budget with the 2021–22 Budget forecasts.

Table 3.2 General Government Sector – net operating balance forecasts

	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
2020–21 Budget	(8,633)	(4,303)	(2,480)	(1,389)	na
2021–22 Budget	(3,803)	(3,485)	(2,440)	(968)	153

The 2021–22 Budget projects improving net operating balances across the forward estimates, reaching a surplus of $153 million by 2024–25, as revenues continue to improve alongside moderate expenditure growth.

A deficit of $3.803 billion is estimated for 2020–21, an improvement of $4.8 billion from the previous budget forecast of $8.633 billion. This improvement has been underpinned by an uplift to revenue since the 2020–21 Budget, particularly from GST and taxes. At the same time, expense measures since the last budget have been modest and focused on key priorities.

This prudent approach has allowed the revenue uplift to flow through to improved operating balances and reduced the need to increase borrowings compared to previous estimates. In the 4 years to 2023–24, total general government revenue has increased by $11.706 billion, compared to expense increases of $5.598 billion over the same period.

Table 3.3 provides a breakdown of the changes in the net operating balance since the 2020–21 Budget.

Table 3.3 Reconciliation of net operating balance, 2020–21 Budget to 2021–22 Budget[1]

	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million
2020–21 Budget net operating balance	**(8,633)**	**(4,303)**	**(2,480)**	**(1,389)**
Taxation revisions[2]	1,577	2,052	1,268	765
Royalty and land rent revisions	36	(175)	(334)	(285)
GST revisions	2,108	1,729	1,687	1,628
Expense measures[3]	(3)	(1,889)	(811)	(545)
Net flows from PNFC and PFC entities[4]	(244)	(60)	(102)	(336)
Natural Disaster Revisions (DRFA)[5]	(8)	134	40	(156)
Australian Government funding revisions[6]	252	(542)	(548)	(213)
Other parameter adjustments[7]	1,112	(431)	(1,160)	(437)
2021–22 Budget net operating balance	**(3,803)**	**(3,485)**	**(2,440)**	**(968)**

Notes:

1. Numbers may not add due to rounding. Numbers indicate the impact on the operating balance. A number in brackets indicates a negative impact on the operating balance.
2. Represents parameter adjustments to taxation revenue. Includes measure to extend Apprentice Rebate Scheme in 2021–22 of $31.2 million.
3. Reflects the operating balance impact of Government decisions since the 2020–21 Budget (refer to Chapter 7 – Budget Measures for details).
4. Represents revisions to dividends and tax equivalent payments from, and community service obligations (CSOs) and Transport Service Contract (TSC) payments to, Public Non-financial Corporations and Public Financial Corporations, net of CSO and TSC expense measures.
5. Disaster Recovery Funding Arrangements.
6. Represents the net impact of funding provided by the Australian Government primarily for Specific Purpose Payments and National Partnership payments and excludes funding for disaster recovery expenses.
7. Refers to adjustments largely of a non-policy nature, primarily changes in interest paid on borrowings, depreciation, swaps, lapses and deferrals.

3.2.2 Revenue

The COVID-19 pandemic and the resulting economic downturn substantially reduced the state's revenues, particularly across 2019–20 and 2020–21. However, the beginning of economic recovery resulted in stronger revenues in the second half of 2020–21 than previously anticipated, with 2020–21 revenues now expected to be $4.148 billion (7.4 per cent) higher than forecast in the previous budget (see Chart 3.5).

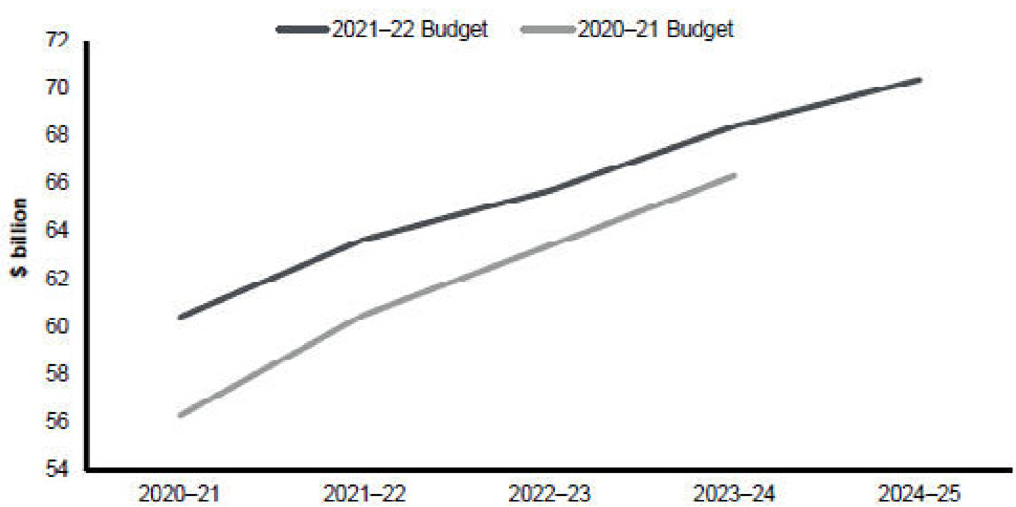
Taxation revenue is forecast to be $1.492 billion (9.4 per cent) higher in 2021–22, primarily driven by continued strength in transfer duty and a rebound in payroll tax as employment and business conditions improve.

Following the strong growth in both 2020–21 and 2021–22, total taxation revenue is forecast to grow by 2.3 per cent per annum on average across the subsequent 3 years.

Following an estimated fall of 44.4 per cent in 2020–21, royalty revenues are forecast to partially rebound by 25.6 per cent in 2021–22, reflecting the expected improvement in global economic activity, as well as the impact of the new volume based petroleum royalty model. More moderate growth is forecast in subsequent years, however, the timing and extent of the unwinding of China's import ban on Australian coal is still uncertain and remains a key risk to the outlook.

With stronger than expected national consumption and dwelling investment, GST revenue is estimated to be 16 per cent higher in 2020–21 compared to 2019–20. Queensland's GST revenue is expected to grow by 5.4 per cent in 2021–22 and is forecast to continue to grow on average by 4.9 per cent per annum over the forward years.

Chart 3.5 Comparison of revenue forecasts



Further information on revenue forecasts is provided in Chapter 4.

3.2.3 Expenses

The 2020–21 Budget estimated expenses would increase by 7.9 per cent in 2019–20, 2.2 per cent in 2020–21 and 1.6 per cent over the 4 years to 2023–24, reflecting the health response to the pandemic and the assistance provided to businesses and industry to stimulate economic recovery. A smaller increase in general government expenses of 1.1 per cent is now expected in 2020–21.

Modest expenses growth has been achievable due to the government implementing strategies to contain increases, while maintaining the expenditure needed to deliver frontline services, targeted support for jobs and the economy, and measures to enhance longer-term productivity.

On average, annual general government expenses are forecast to increase by 2.3 per cent over the 4 years to 2024–25. This is lower than the forecast average annual increases in revenue of 3.9 per cent over the same period, and consistent with Fiscal Principle 2.

The $3 billion Savings and Debt Plan is a key component of managing expenditure growth, with progress towards achieving savings targets detailed in Box 3.2.

Further detail on expense initiatives is provided in Chapter 7.

Box 3.2 Savings and Debt Plan

The Queensland Government's Savings and Debt Plan, announced on 9 July 2020, targeted savings of $3 billion over 4 years to 2023–24. Savings of $750 million in 2020–21 have been achieved under the Savings and Debt Plan. Workstreams established under the Savings and Debt Plan are continuing to identify cross-government savings opportunities and will support agencies to achieve remaining savings through to 2023–24.

Workstreams include Accommodation, Advertising and Marketing, Data and ICT, Workforce, Government Corporate Support Services, Grants Administration, and Procurement. In addition, Government is working to assess how it can deliver its functions more effectively, including through structural reform opportunities and review of agency functions.

$750 million of savings has been achieved in 2020–21, as shown in Table 3.4. Agencies have achieved these savings without reducing services, and in line with the Queensland Government's commitment to employment security.

Examples of savings made in 2020–21 include:

- Reduction of 101 social media accounts across government
- Net reduction of 33 (4.6%) of the Senior Executive Service via natural attrition between July 2020 and May 2021
- Accommodation savings, including $14.2 million in savings associated with a renegotiation of a Department of Education lease and ongoing savings of $3.5 million per annum
- Reduction of $17.7 million over 4 years in ICT contract costs, including savings in telecommunications contracts.

A further $750 million will be realised in 2021–22 through a combination of savings already realised and agency savings. Savings from the Health and Education portfolios will be managed through existing funding model arrangements.

A range of Savings and Debt Plan measures and workstreams will also support agencies to achieve remaining savings through to 2023–24.

Table 3.4 2020–21 Savings

Department	2020–21 Savings $ 000
Department of Aboriginal and Torres Strait Islander Partnerships	845
Department of Agriculture and Fisheries	9,842
Department of Child Safety, Youth and Women	11,601
Department of Children, Youth Justice and Multicultural Affairs	11,196
Department of Communities, Disability Services and Seniors	534
Department of Communities, Housing and the Digital Economy	3,534
Department of Education	110,502
Department of Employment, Small Business and Training	55,557
Department of Energy and Public Works	3,185
Department of Environment and Science	61,111
Department of Housing and Public Works	34,115
Department of Justice and Attorney-General	12,961
Department of Local Government, Racing and Multicultural affairs	2,787
Department of Natural Resources, Mines and Energy	20,170
Department of Regional Development, Manufacturing and Water	627
Department of Resources	1,406
Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	2,939
Department of State Development, Infrastructure, Local Government and Planning	5,008
Department of State Development, Tourism and Innovation	37,156
Department of the Premier and Cabinet	4,024
Department of Tourism, Innovation and Sport	653
Department of Transport and Main Roads	80,923
Department of Youth Justice	1,622
Electoral Commission Queensland	1,333
Inspector-General of Emergency Management	61
Legislative Assembly	500
Ombudsman	130
Public Safety Business Agency	2,951
Public Service Commission	1,060
Queensland Audit Office	176
Queensland Corrective Services	15,728
Queensland Fire and Emergency Services	9,238
Queensland Health	177,475

Queensland Police Service	32,073
Queensland Treasury	7,059
Trade and Investment Queensland	903
Whole-of-Government	29,015
Total Savings	**750,000**

Notes:

1. Table includes all savings achieved in 2020–21, including those achieved by entities which were impacted by machinery-of-government changes announced on 12 November 2020. Savings have been reported against the entity which achieved these savings.

3.2.4 Investment

The Queensland Government provides essential infrastructure and capital works to support productivity, connect industries and meet the state's increasing service needs. Infrastructure investment supports jobs across all regions of the state and is a key component of the Queensland Government's *Economic Recovery Plan*.

Key capital investments in 2021–22 include:

- $6.902 billion investment in transformative transport infrastructure. Highlights of the 2021–22 transport capital program include $1.517 billion to continue construction work on Cross River Rail and substantial ongoing investment to fund major upgrades to the M1 Pacific Motorway and the Bruce Highway
- $1.352 billion to support the delivery of health services, including $283.7 million as part of the Building Better Hospitals program
- $1.521 billion to ensure Queensland's state schools and training assets are world-class and continue to meet demand. Investment in new schools is being facilitated through the $2.6 billion Building Future Schools Fund
- $1.813 billion over 4 years to increase the supply of social housing and upgrade the existing social housing property portfolio, including $502.6 million in capital works and capital grants in 2021–22.

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

3.2.5 Borrowing

Australian governments at all levels increased borrowings to combat the COVID-19 crisis. Queensland was no exception, but the government's borrowings have increased by less than estimated in the 2020–21 Budget. General Government net debt is forecast to be $24.75 billion at 30 June 2022, $10.761 billion lower than forecast in the 2020–21 Budget. Box 3.3 discusses improvements in the debt position in further detail.

While additional debt has been necessary to deliver an effective response to the crisis, the government has also implemented a range of measures to limit the legacy impacts of the crisis on Queensland's fiscal position. This includes the Savings and Debt Plan and the creation of the first Queensland Future Fund (QFF) – Debt Retirement Fund (DRF), to safeguard the state's balance sheet.

Box 3.3 Debt management

The 2020–21 Budget prioritised the state's health response and economic recovery from COVID-19. Queensland's decisive response to the pandemic resulted in operating deficits and increased borrowings over the forward estimates.

The 2021–22 Budget continues to focus on protecting the health of Queenslanders. There is a strong correlation between health outcomes and economic outcomes, and Queensland's continued success in containing the spread of the virus will be key to continued economic gains.

The government has taken a disciplined approach to its fiscal strategy to limit the potential legacy impacts of the crisis and ensure borrowings remain contained, and to set a strategy and path to support ongoing growth in the economy. This is particularly important when considering the risk of future increases to borrowing costs from higher interest rates or the need for government responses to future events.

The government is acting prudently to stabilise debt, directing revenue improvements toward economic recovery priorities and a return to operating surplus. The updated fiscal principles support a path to stabilisation of the relative net debt burden in response to the COVID-19-induced fiscal challenges.

With debt now forecast to increase more slowly than anticipated in the 2020–21 Budget, Queensland is well positioned to stabilise its debt burden.

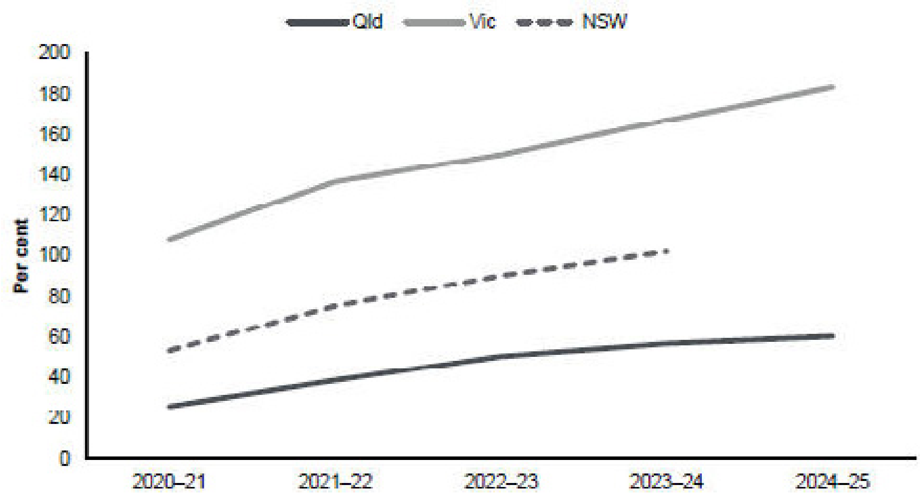
All measures of the debt burden have been revised downwards since the 2020–21 Budget. The forecast level of total general government borrowing has reduced materially. In 2023–24, the level of general government borrowings is expected to be $7.377 billion lower compared to the outlook at the time of the 2020–21 Budget. Since the 2020–21 Budget, net debt has been revised down by $11.762 billion in 2023–24. In 2024–25, net debt is expected to remain much lower than interstate peers. Net debt is the measure broadly emphasised by governments, including the Australian Government.

In addition, the government's Queensland Future Fund (QFF)—Debt Retirement Fund (DRF) has been established to hold state investments for future growth, which will be used to offset state debt to support Queensland's credit rating.

By prudently managing expenditure, while continuing to protect the health of Queenslanders and delivering high-quality services, the government will ensure Queensland's fiscal capacity improves and target debt reduction in the longer term.

Queensland's net debt has seen a significant improvement. By 2023–24, Queensland's forecast net debt of $39.019 billion compares to $96.675 billion for New South Wales and $138.35 billion for Victoria. As shown in Chart 3.6, general government net debt as a share of revenue is also expected to be far lower in Queensland than in New South Wales and Victoria across the forward estimates.

Chart 3.6 State comparison of general government sector net debt to revenue



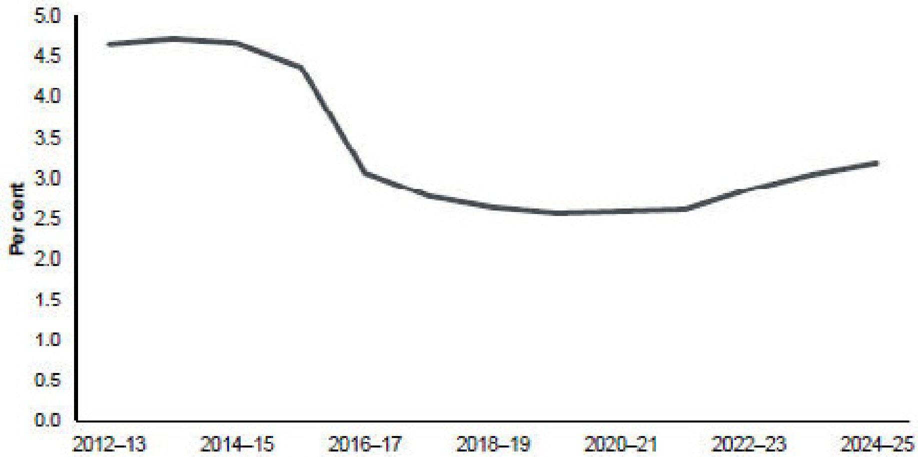
Sources: 2021–22 budgets for Queensland and Victoria, 2020–21 Half-Yearly Review for NSW.

Debt servicing costs remain manageable. As a share of revenue, Queensland's general government sector interest expenses have declined over successive budgets.

General government sector interest expenses have fallen from a peak of $2.328 billion in 2014–15 to $1.567 billion in 2020–21, despite the impact of the pandemic on borrowings.

Chart 3.7 shows that Queensland's interest expense is forecast to be around 2.6 per cent of revenue in 2021–22, well below the peak of 4.7 per cent in 2013–14. A reduction in overall debt levels in this Budget helps to reduce the impact of future interest rate rises.

Chart 3.7 General Government Sector ratio of borrowing costs to revenue



Queensland's Credit Rating

In April 2021, Moody's reaffirmed Queensland's Aa1 credit rating, noting the state's strong financial management. S&P Global also noted Queensland's strong financial management and diverse economy in reaffirming Queensland's AA+ credit rating in October 2020.

The ratings outlook for Queensland is stable, supported by the government's commitment to improving budgetary performance and stabilising the level of borrowings. The establishment of the Queensland Future Fund (QFF) – Debt Retirement Fund (DRF) and the roll-out of the Savings and Debt Plan demonstrate a commitment to active debt management and improving budgetary performance, which support the state's strong credit rating.

The credit rating of the state impacts the rate at which new and refinanced borrowings are made, which affects the overall cost of borrowing. Sound financial management supports the credit rating and provides the capacity to respond to future economic and financial shocks, including the long-term impact of the pandemic.

3.2.6 Emerging Fiscal Pressures

Beyond ongoing uncertainties related to the COVID-19 pandemic, including the higher risk of outbreaks and associated need for fiscal support if the vaccination program takes longer than expected, key emerging fiscal issues include:

- Native Title Compensation Settlement: the government has a potential liability with respect to compensation arising from acts that have extinguished or impaired native title since 1975
- expiring agreements: Queensland’s fiscal position is exposed to decisions made by the Australian Government, including not renewing funding for National Partnership payments (NPs) where there are ongoing community service needs that must be met. Further information on expiring agreements is provided in Chapter 8
- the need to work with Games Partners, including the Australian Government and local governments, to ensure fair funding contributions for required expenses and investment associated with Queensland’s bid to host the 2032 Olympic and Paralympic Games
- provisions have been made for a regional quarantine facility in Queensland if the Australian Government decides to support the detailed submission provided by the Queensland Government.

4 Revenue

Features

- The COVID-19 pandemic and the resulting economic downturn substantially reduced the state's revenues, particularly across 2019–20 and 2020–21. However, in line with the improving economic conditions since mid-2020, revenue is expected to recover in 2020–21 and is forecast to continue to grow across the forward estimates period.
- Importantly, while total revenues are expected to be stronger across the forecast period compared to the 2020–21 Queensland Budget, estimated revenue for 2020–21 is still expected to be lower than forecast at the 2019–20 Mid-Year Fiscal and Economic Review (MYFER), prior to the onset of COVID-19.
- General Government Sector revenue is estimated to total $60.396 billion in 2020–21, up $2.633 billion (4.6 per cent) compared with 2019–20 and $4.148 billion (7.4 per cent) higher than estimated in the 2020–21 Budget.
- Total General Government Sector revenue is estimated to strengthen further in 2021–22 to $63.664 billion, an increase of $3.268 billion (5.4 per cent) compared with 2020–21.
- The increase in revenues in 2021–22 primarily reflects a rebound in Queensland and national activity following the initial impacts of COVID-19.
  - Taxation revenue collections are expected to be $1.492 billion (9.4 per cent) more than in 2020–21, reflecting a combination of increased economic activity and the substantial tax relief measures provided in 2020–21 by the Queensland Government to support businesses in response to COVID-19.
  - GST revenue is expected to increase by $807 million (5.4 per cent) in 2021–22, reflecting a higher GST pool and Queensland receiving a larger share of GST.
  - Royalties and land rents are expected to increase by $674 million (25.3 per cent) compared to 2020–21, driven by expected rebounds in coal and LNG prices following significant falls in 2020–21. However, royalty revenues in 2021–22 and in the following 2 years are expected to be lower than forecast in the 2020–21 Budget, primarily reflecting the ongoing uncertainty around China's restrictions on Australian coal.
- Australian Government payments to Queensland in 2021–22 are expected to total $31.607 billion, representing an increase of $376 million (1.2 per cent) compared with payments in 2020–21. This increase is primarily driven by the increase in GST revenue.
- Total revenues are expected to grow at an average rate of 3.9 per cent over the 4 years to 2024–25, with average annual growth of 4 per cent in taxation and 5 per cent in GST.
- Importantly, Queensland is maintaining its competitive tax status, with per capita state tax $771 below the average of other states and territories in 2019–20.

4.1 Revenue overview

Queensland's domestic economy is now expected to grow substantially faster across the forecast period than at the time of the 2020–21 Budget. Combined with a stronger national economic recovery, this has supported total Queensland revenues, which have been revised up across the forward estimates.

These upward revisions primarily reflect stronger than previously expected taxation and GST revenues as a result of improving economic conditions.

In contrast, royalty revenues have been revised downwards in 2021–22 and in subsequent years, primarily reflecting the ongoing impacts and increased uncertainty related to China's restrictions on the importation of Australian coal.

4.1.1 2020–21 revenues

General Government Sector revenue is estimated to be $60.396 billion in 2020–21, $4.148 billion (7.4 per cent) higher than the 2020–21 Budget estimate. Significant variations from the 2020–21 Budget estimates include:

- a $1.577 billion (11 per cent) increase in taxation revenue, reflecting the stronger than expected domestic economic activity and, in particular, residential property transactions
- a $2.108 billion (16.6 per cent) increase in GST revenue due to higher national GST collections during 2020–21, as robust national consumption throughout the pandemic was augmented by the recovery of outstanding debt
- a $264 million (22.4 per cent) decrease in dividends and income tax equivalent income, primarily due to lower earnings from the electricity generation sector.

The substantial improvement in taxation and GST revenues compared with the 2020–21 Budget outlook reflects Queensland's successful health response and the stronger recovery in the Queensland and national economies than previously anticipated.

In contrast, forecast royalty revenues in 2020–21 have remained relatively unchanged from the previous budget outlook, given the ongoing subdued demand for key Queensland commodities, particularly coal, across the second half of 2020–21.

Compared with 2019–20, state taxation and GST revenues in 2020–21 are now expected to increase by 9.1 per cent and 16 per cent, respectively. In contrast, royalty revenue has fallen sharply (estimated to be down 44.4 per cent in 2020–21 compared with 2019–20) as the global economic downturn and the increasing impact of Chinese import restrictions have weighed on coal prices and export volumes.

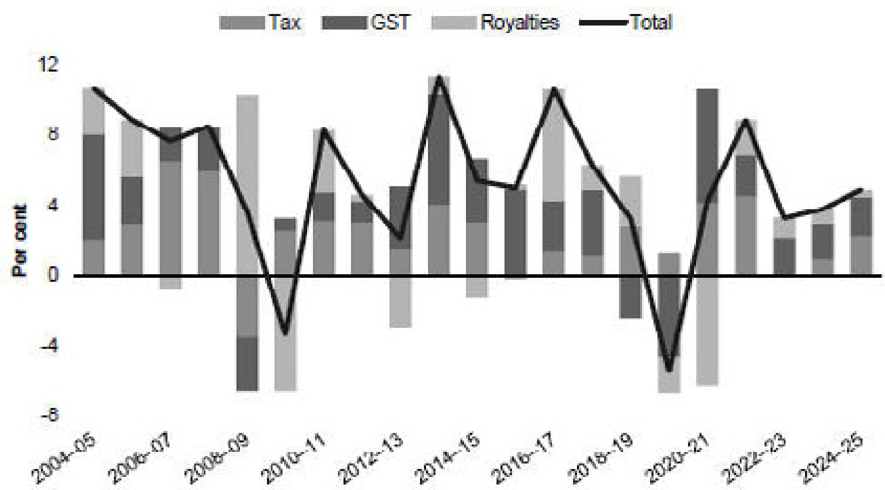
The better than anticipated overall revenue outcome means that Queensland General Government revenue is now expected to be 4.6 per cent higher in 2020–21 than in 2019–20.

4.1.2 2021–22 revenues

In line with the ongoing economic recovery, General Government Sector revenue is forecast to increase by $3.268 billion (or 5.4 per cent) in 2021–22, to be $63.664 billion. This is driven by an expected rebound in revenue following the COVID-19 impact on 2019–20 and 2020–21 and is particularly evident across the 3 key state revenue sources: taxation; GST; and royalties.

Chart 4.1 examines the growth in revenue across the 3 key revenue streams and the share of growth attributable to each key revenue item.

Chart 4.1 Growth in key revenues[1]



Note:

1. Annual contribution to growth in key revenues. Total is the annual growth of the sum of the 3 categories.

Taxation revenue is forecast to be $1.492 billion (9.4 per cent) higher in 2021–22. Improved taxation receipts are primarily driven by continued strength in transfer duty, which has been bolstered by a significant increase in residential property activity since restrictions eased in mid-2020, and a rebound in payroll tax, amid the recovery in employment and business conditions.

The forecast growth in 2021–22 also partially reflects the impacts of the significant Queensland Government COVID-19 tax relief provided to support Queensland businesses and landlords in the previous year.

Royalty revenue is expected to rebound in 2021–22 and grow by 25.6 per cent. In particular, coal export values are forecast to rebound in 2021–22, with higher prices driven by the continued recovery in global economic activity from the COVID-19 pandemic. However, the timing and extent of the unwinding of China's import ban on Australian coal is still uncertain and remains a key risk to the outlook.

Following stronger than expected GST receipts in 2020–21, Queensland's GST revenue is expected to grow by 5.4 per cent in 2021–22 and is forecast to continue to grow on average by 4.9 per cent per annum over the 3 years ending 2024–25.

This increase in expected GST revenue is largely driven by growth in the national GST pool. The 2021–22 Federal Budget forecast the GST pool to grow by 4 per cent in 2021–22 and around 5 per cent per annum on average over the 3 years ending 2024–25, reflecting the expected ongoing growth in taxable consumption.

Total General Government revenue growth is expected to average 3.9 per cent per annum over the 4 years to 2024–25.

The solid but steady growth forecast in 2022–23 and beyond reflects the expected return to more normal economic conditions and activity levels over the forecast period, as well as an ongoing but gradual improvement in commodity prices and export volumes. Table 4.1 details Queensland's total General Government revenue by component across the forward estimates period.

Table 4.1 General Government Sector revenue[1]

	2019–20 Actual $ million	2020–21 Budget $ million	2020–21 Est. Act $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Taxation revenue	14,585	14,330	15,907	17,399	17,397	17,731	18,608
Sales of goods and services	5,618	5,975	6,068	6,062	6,091	6,365	6,209
Interest income	2,076	1,882	1,901	2,537	2,591	2,622	2,702
Grants revenue							
GST revenue	12,761	12,701	14,809	15,616	16,399	17,164	18,016
Other current grants[2]	13,039	13,597	13,875	13,749	14,529	15,321	15,513
Capital grants	1,841	2,796	2,899	2,571	2,585	2,860	2,826
Dividend and income tax equivalent income							
Dividends	1,180	714	499	659	637	603	594
Income tax equivalent income	748	465	416	482	435	359	343
Other revenue							
Royalties and land rents	4,686	2,631	2,667	3,341	3,743	4,060	4,229
Other	1,229	1,157	1,356	1,248	1,303	1,323	1,328
Total revenue	**57,764**	**56,249**	**60,396**	**63,664**	**65,711**	**68,408**	**70,367**

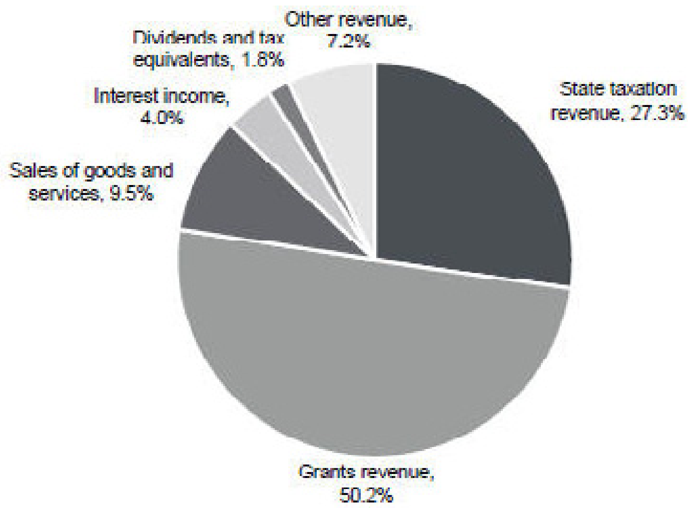
Notes:

1. Numbers may not add due to rounding.
2. Queensland Treasury estimates. Differs from Chapter 8 due to the inclusion of direct Australian Government payments to Queensland agencies for Australian Government own purpose expenditure.

The major sources of total General Government Sector revenue in 2021–22 are grants revenue, which includes GST revenue and Australian Government Grants (50.2 per cent), and taxation revenue (27.3 per cent).

Chart 4.2 illustrates the expected composition of General Government Sector revenue in 2021–22.

Chart 4.2 Revenue by operating statement category, 2021–22[1]



Notes:

1. Numbers may not add up to 100 per cent due to rounding.
2. Chart prepared in line with Operating Statement categories. ‘Other revenue’ includes royalties and land rents, which comprise 5.2 per cent of total revenues.

Box 4.1 Revenue revisions since before COVID-19

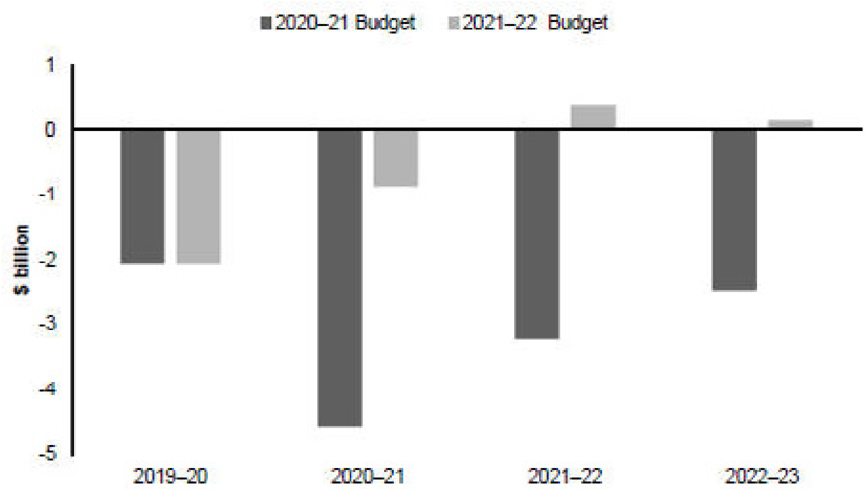
Despite the improving outlook for total revenue compared with the 2020–21 Budget, the pandemic has still had a significant impact on revenue in 2019–20 and 2020–21.

While conditions have improved substantially since mid-2020 and revenue is expected to rebound in 2021–22, revenue in total across the forward years is still expected to be lower than forecast at the 2019–20 MYFER, prior to the onset of COVID-19.

At the 2020–21 Budget, key revenues of taxation, GST and royalties were revised downwards by a total of $12.340 billion across the 4 years to 2022–23, compared to the 2019–20 MYFER. Despite the upward revisions to some key revenues in this Budget, key revenues over this period are still expected to be $2.399 billion lower than forecast at the 2019–20 MYFER.

Chart 4.3 outlines the aggregated downward revisions to key revenues of taxation, GST, and royalties, both at the time of the 2020–21 Budget and in the 2021–22 Budget, compared to the pre-COVID-19 revenue forecasts at the 2019–20 MYFER.

Chart 4.3 Change in key revenue[1] forecasts compared to 2019–20 MYFER (i.e. pre-COVID-19 outlook)



Note:

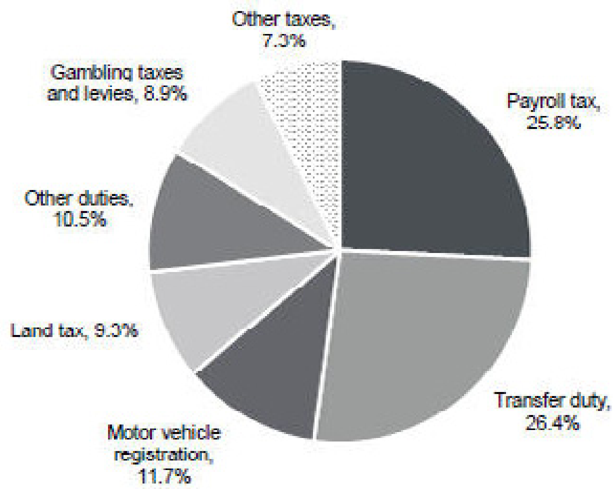
1. Aggregated revisions from taxation, GST, and royalty revenues since the 2019–20 MYFER.

4.2 Taxation revenue

Chart 4.4 outlines the composition of estimated state taxation revenue for 2021–22, with the largest sources being payroll tax and transfer duty, together representing 52.2 per cent of the state's total taxation revenue.

Payroll tax generally has a relatively stable base, with its growth usually driven by the underlying strength of the economy. Transfer duty can be variable, reflecting residential and non-residential market conditions. Land tax can also reflect variability in the property market but is generally more stable than most other tax lines due to the relatively stable base and the effect of assessments being based on 3-year averages of land values.

Chart 4.4 State taxation by tax category, 2021–22[1]



Note:

1. Percentages may not add to 100 per cent 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 and the forecast revenues for each component across the forward estimates.

Total taxation revenue is forecast to grow 9.1 per cent in 2020–21. Improved taxation receipts in 2020–21 are primarily being driven by a rebound in transfer duty and stronger gambling tax collections. Transfer duty has been bolstered by a significant increase in the turnover of residential properties since COVID-19 related public health restrictions eased in mid 2020.

Solid growth in taxation revenue is expected in 2021–22, primarily driven by ongoing improvement in transfer duty and payroll tax amid the recovery in employment and business conditions.

Following the strong rebound in 2020–21, total taxation revenue is forecast to grow 9.4 per cent in 2021–22, followed by average growth of 2.3 per cent per annum across the subsequent 3 years.

Table 4.2 State taxation revenue[1]

	2019–20 Actual $ million	2020–21 Est. Act $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Payroll tax	4,211	4,192	4,484	4,741	5,011	5,263
Duties						
Transfer	3,041	3,693	4,598	4,100	3,796	4,040
Vehicle registration	533	668	663	625	644	663
Insurance[2]	1,016	1,072	1,136	1,182	1,241	1,303
Other duties[3]	34	32	32	32	33	33
Total duties	**4,624**	**5,464**	**6,428**	**5,939**	**5,713**	**6,039**
Gambling taxes and levies						
Gaming machine tax	617	816	795	819	843	869
Health services levy	77	122	107	109	117	127
Lotteries taxes	332	351	361	372	383	395
Wagering taxes	118	152	155	161	167	174
Casino taxes and levies	97	103	114	124	139	143
Keno tax	17	21	21	22	22	23
Total gambling taxes and levies	**1,258**	**1,565**	**1,553**	**1,606**	**1,672**	**1,730**
Other taxes						
Land tax	1,406	1,493	1,617	1,686	1,802	1,931
Motor vehicle registration	1,910	1,987	2,044	2,103	2,169	2,242
Emergency management levy	562	581	605	630	657	686
Waste disposal levy	295	291	317	334	341	348
Guarantee fees	272	289	305	311	318	319
Other taxes[4]	46	45	46	47	49	50
Total taxation revenue	**14,585**	**15,907**	**17,399**	**17,397**	**17,731**	**18,608**

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.

4.2.1 Payroll tax

Reflecting the substantial negative impacts of COVID-19 on employment and wages, payroll tax is estimated to be $4.192 billion in 2020–21, a 0.5 per cent decline compared with 2019–20.

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

Payroll tax collections have improved substantially with the rebound in labour market and business conditions in Queensland.

Further, payroll tax deferrals from 2020 are being paid in instalments across 2021, with the majority of deferred liabilities that were due in January and April 2021 having been paid. This suggests businesses generally have managed their cash flows throughout the recovery phase of the COVID-19 crisis to enable them to meet their deferred tax obligations.

Payroll tax is expected to grow by 7.0 per cent in 2021–22, reflecting a strong recovery in employment and wage conditions, and expected increased revenue resulting from additional Office of State Revenue compliance activities. Annual average growth of 5.5 per cent is expected in payroll tax revenues from 2022–23 onwards, broadly in line with expected employment and wage growth over the forward years.

The 50 per cent payroll tax rebate for apprentices and trainees will be extended for 12 months until 30 June 2022. In addition to apprentice and trainee wages generally being exempt from payroll tax, this rebate will provide additional support to employment in the ongoing recovery from COVID-19, in particular youth employment and businesses who employ trainees and apprentices.

Box 4.2 Queensland's competitive payroll tax system

Queensland has very competitive payroll tax settings. Its $1.3 million threshold is one of the highest exemption thresholds of all states and territories, and the standard rate of 4.75 per cent is the lowest of any mainland state.

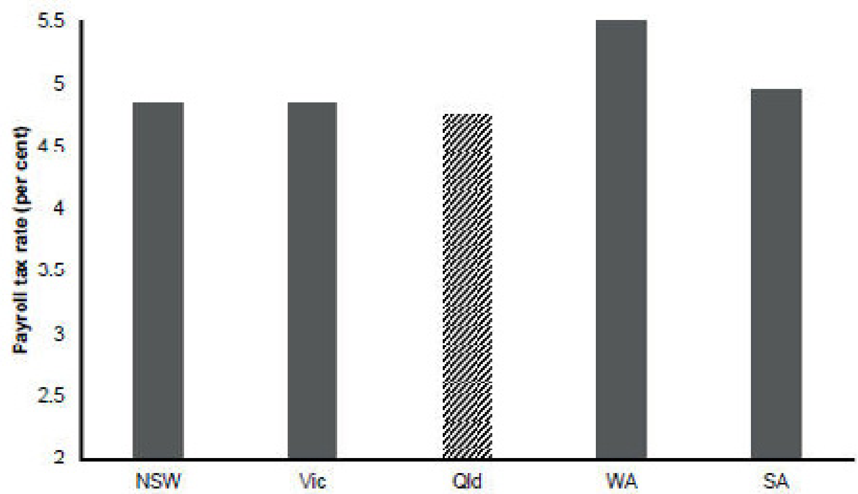
Several major payroll tax reforms were introduced in 2019–20 to make Queensland an even more attractive destination for businesses, especially in the regions. This included:

- increasing 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
- providing a one per cent discount of the payroll tax rate to employers that have an ABN registered business address and at least 85 per cent of their taxable wages paid to employees located outside South East Queensland.

These reforms were partially funded by an increase of the payroll tax rate for employers (or groups of employers) with taxable wages above $6.5 million from 4.75 per cent to 4.95 per cent, implemented in the 2019–20 Budget.

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

Chart 4.5 Comparison of the lowest fixed[1] payroll tax rates across Australian mainland states



Note:

1. The lowest fixed rate applying to employers in non-regional areas.

Sources: Australian state government websites.

4.2.2 Duties

Transfer duty

Transfer duty is charged at various rates on 'dutiable transactions', including transfers of land in Queensland or Queensland business assets.

The Queensland Government offers extensive concessions for the transfer of land where the property is purchased as a home. This means eligible home buyers pay a one per cent concessional rate on the first $350,000 of dutiable value, rather than the normal scheduled rates of between 1.5 per cent and 3.5 per cent.

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.

Transfer duty is estimated to be 21.4 per cent higher in 2020–21 compared with 2019–20. This reflects the strong activity in the residential housing sector since mid-2020, with transactions across all components (investor, home, first home) showing significant growth.

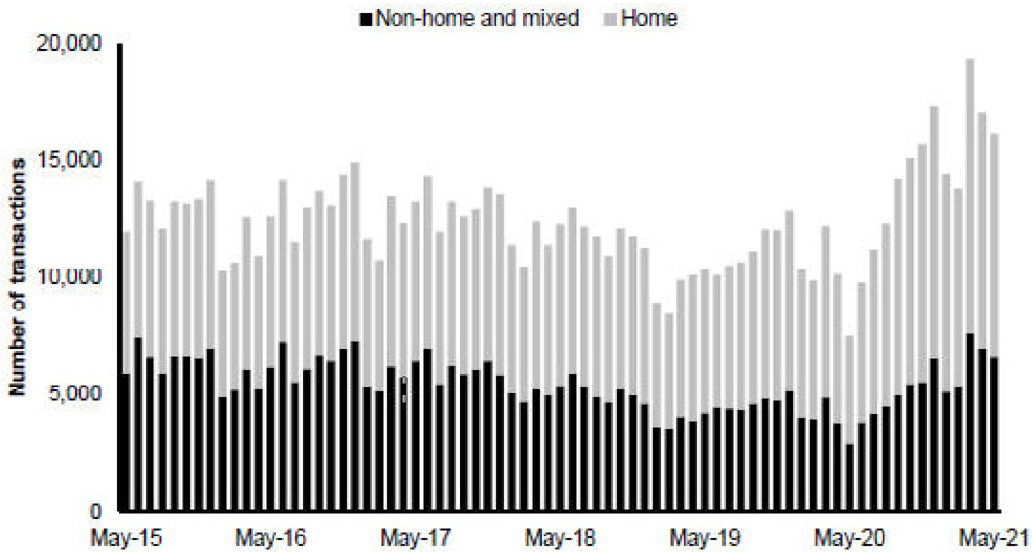
Transfer duty is expected to grow by 24.5 per cent in 2021–22, supported by continued strength in residential housing transactions, a further acceleration in property price growth and a shift in the composition of transactions.

As discussed in detail in Chapter 2, the prevailing strength of the housing market has seen new housing loan commitments in Queensland rise to their highest level on record (since July 2002), with record low mortgage rates (and expectations they will stay low for an extended period), various government wage and housing support measures, and temporarily reduced alternative options for household expenditure, including overseas travel.

These factors, combined with expectations that property prices will continue to increase throughout 2021, have also supported investor loan approvals, which have driven recent growth in loan commitments. As a result, a compositional shift towards investor-driven purchases, which are subject to a higher rate of duty, is also expected to support the strength in residential collections.

As shown below in Chart 4.6, residential transactions have grown strongly since the peak of the emergency health restrictions required to control the initial spread of COVID-19 in April 2020.

Chart 4.6 Residential property transactions by concession type



Notes:

1. Home includes transactions subject to the home, first home and first home (vacant land) concessions. Non-home and mixed includes standard transactions (no concession) and mixed/other concessions.

The current strength of housing activity is expected to moderate in 2022–23 and 2023–24 as dwelling investment eases, resulting in a decline in duty collections from residential sales.

However, the non-residential sector is forecast to recover over time and the outlook for large transactions will partially offset the expected decline in transfer duty from residential transactions across 2022–23 and 2023–24, and support an increase in transfer duty revenue in 2024–25.

Box 4.3 Generous transfer duty concessions

Queensland has one of the lowest tax burdens on home buyers, with generous concessions for first home buyers and the principal place of residence meaning Queenslanders pay less than similar buyers in most other jurisdictions.

Based on CoreLogic's national home value index for May 2021, purchasers of a principal place of residence in Queensland would pay significantly lower duty than their interstate counterparts at the median dwelling price in each capital city.

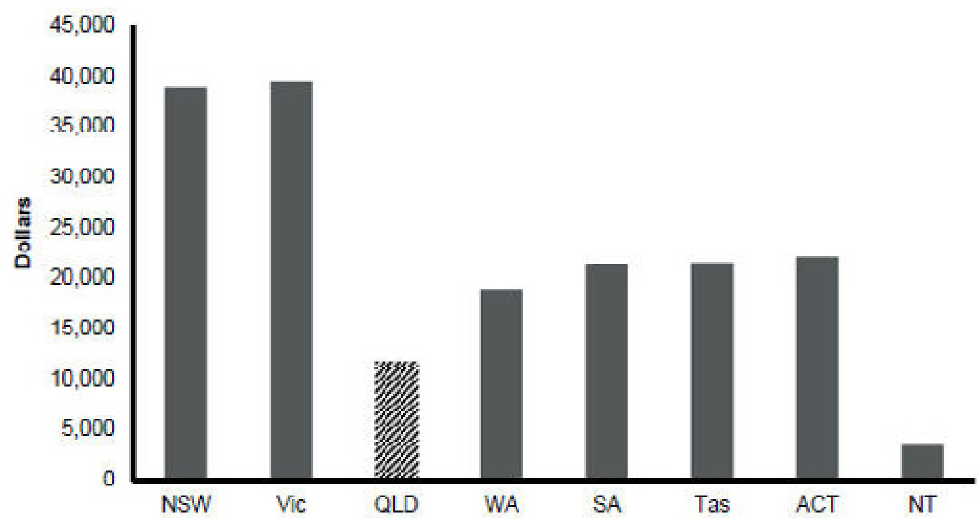
New South Wales purchasers of median priced homes would pay $27,296 more than Queenslanders, Victorian purchasers would be $27,797 worse off and Western Australian buyers would pay $7,089 more in transfer duty.

Even with their temporary reductions in transfer duty of up to 50 per cent, Victorian buyers are still paying more transfer duty than Queenslanders.

Combined with the lower purchase prices, buyers in Queensland pay around 2 per cent of their median price in duty, compared with 4 per cent in New South Wales and 5.3 per cent at the standard rates in Victoria.

Chart 4.7 illustrates the transfer duties payable in each jurisdiction for a principal place of residence at the relevant local median house value in the capital city of each jurisdiction.

Chart 4.7 Transfer duty comparisons at median dwelling price



Sources: Revenue Office websites of relevant jurisdictions.

Vehicle registration duty

Vehicle registration duty is charged on the dutiable value of a motor vehicle, on the transfer or initial registration of the vehicle, at a rate that depends on the vehicle's engine size and value.

After more than 2 years of consecutive monthly declines in vehicle sales, activity has recovered solidly since July 2020, in line with the broader recovery in consumption activity, and with volumes to May 2021 significantly higher than during the same period in 2020.

This strength is flowing through to duty collections, with revenue from vehicle registration duty expected to grow by 25.2 per cent in 2020–21. Duty is expected to moderate in 2021–22 and 2022–23, reflecting a return to a more normal level of vehicle transactions as the impact of COVID-19 stimulus measures and the expenditure-switching that arose from overseas travel restrictions abates. Vehicle registration duty is forecast to grow by 3 per cent in both 2023–24 and 2024–25.

4.2.3 Gambling taxes and levies

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

There has been significant strength in gambling taxes since the re-opening of gaming and entertainment venues in mid-2020, supporting a strong rebound in gaming activity.

Total gambling tax and levy collections are expected to grow strongly in 2020–21. This partly reflects the reduced impact of venue closures in 2020–21 compared with the longer period of closures experienced in 2019–20, as well as the strength of activity as venues re-opened and emergency health restrictions were eased.

Total gambling tax and levy collections are expected to decline by 0.7 per cent in 2021–22. This largely reflects the impact of revenue from gaming machine tax and the health services levy returning to more normal levels in line with that expected prior to COVID-19. However, the decline was partially offset by ongoing growth in lotteries tax and wagering tax which were largely unaffected by COVID-19. Average annual growth of 3.7 per cent is forecast for gambling tax revenue over the 3 years to 2024–25.

4.2.4 Land tax

Land tax is levied on the taxable value of the landowner's aggregated holdings of freehold land owned in Queensland, as at midnight on 30 June each year. The landowner's home is exempt.

Resident individuals are generally liable for land tax if the total taxable value of the freehold land owned by that person as at 30 June is equal to or greater than $600,000. Companies, trustees and absentees are liable for land tax if the total taxable value of the freehold land owned as at 30 June is equal to or greater than $350,000.

The Queensland Government provided substantial land tax relief measures across 2019–20 and 2020–21 to eligible property owners affected by the COVID-19 outbreak, including rebates, waivers and deferrals.

Land tax is expected to grow by 6.2 per cent in 2020–21 and 8.3 per cent in 2021–22, partly reflecting the expiry of the temporary relief measures. Land tax is forecast to grow by an average annual 6.1 per cent across the 3 years to 2024–25, primarily driven by the lagged impact of the solid land value growth expected in line with the current strength of the residential property market.

4.2.5 Waste disposal levy

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

The levy commenced at $75 per tonne for general waste and is regulated to increase by $5 per tonne per annum for the first 3 years. The first annual increase of $5 per tonne was deferred by 6 months to 1 January 2021 to provide financial relief from the impacts of COVID-19. Seventy per cent of proceeds from the waste levy will be used for resource recovery and other programs that reduce the impact of waste and protect the environment and local communities.

Revenue from the waste disposal levy is estimated to be $291 million in 2020–21. Revenue is forecast to grow by 8.9 per cent in 2021–22 and 5.3 per cent in 2022–23, reflecting expected growth in waste disposal as well as regulated levy rate increases.

Revenue from the waste disposal levy is then forecast to grow by 2.2 per cent in 2023–24 and 2.1 per cent in 2024–25. This moderation in growth partially reflects anticipated behavioural changes in the amount of waste disposed to landfill.

4.2.6 Queensland's competitive tax status

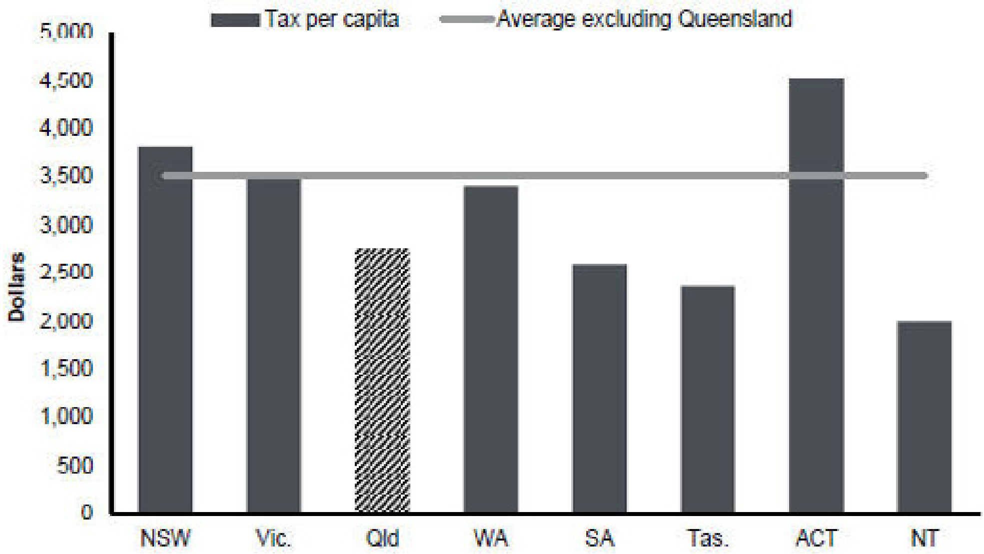
Taxation can impact on business decisions regarding investment and employment, as well as household investment and home ownership decisions. Therefore, maintaining the competitiveness of Queensland's tax system is critical to provide a competitive advantage to business and to moderate the tax burden on citizens.

As such, maintaining a competitive tax regime is fundamental to the Queensland Government's economic strategy and its commitment to job creation and supporting sustainable economic growth.

Importantly, as Chart 4.8 shows, taxation per capita in Queensland was lower in 2019–20 than the average taxation per capita in the other states and territories, highlighting the ongoing competitiveness of Queensland's taxation regime.

Based on the latest available outcomes, Queensland's taxation per capita in 2019–20 was $771 less than the average of other jurisdictions. On average, Queenslanders paid $1,078 less tax than New South Wales residents and $761 less than Victorian residents.

Chart 4.8 Taxation per capita, 2019–20



Sources: ABS Government Finance Statistics and ABS National, State and Territory Population.

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

The CGC's revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases, with a lower ratio indicating a relatively lower taxation burden imposed by state taxes.

The CGC's 2021 Update assessed that Queensland's tax effort in 2019–20 (latest available CGC estimate, based on 2019–20 data and using total tax revenue effort for assessed taxes, that is, payroll tax, transfer duty, land tax, insurance duty and motor vehicle taxes) was 6.3 per cent below the national average.

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

Table 4.3 summarises the estimates of these 3 measures compared with other jurisdictions and demonstrates that the Queensland tax system remains amongst the most competitive in Australia.

Table 4.3 Tax competitiveness, 2019–20

	NSW	VIC	Qld	WA	SA	TAS	ACT[5]	NT	Avg[6]
Taxation per capita[1] ($)	3,821	3,504	2,743	3,414	2,597	2,361	4,539	1,990	3,514
Taxation effort[2] (%)	102.1	99.7	93.7	102.5	97.5	82.9	157.6	74.9	100.0
Taxation % of GSP[3,4] (%)	4.9	5.0	3.9	2.9	4.1	3.9	4.7	1.9	4.4

Notes:

1. 2019–20 data (latest available actuals). Sources: *ABS Government Finance Statistics* and *ABS National, State and Territory Population*.
2. 2019–20 data (latest available). Source: Commonwealth Grants Commission 2021 Update—total tax revenue effort for assessed taxes (payroll, transfer duty, land tax, insurance duty and motor vehicle taxes). Revenue raising effort ratios are an indicator of the extent to which governments burden their revenue bases.
3. 2019–20 data (latest available). Sources: *ABS Annual State Accounts* and *ABS Government Finance Statistics*
4. *ABS Annual State Accounts* are used to enable comparison with other jurisdictions. As a result, the estimate for Queensland will differ to that presented in Table D2, which is based on the Queensland State Accounts.
5. Figures include municipal rates.
6. Weighted average of states and territories, excluding Queensland (aside from taxation effort, which is the average of all states).

4.2.7 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.

The substantial tax relief provided by the Queensland Government to Queensland businesses and property owners in response to the COVID-19 crisis are significant tax expenditures in both 2019–20 and 2020–21.

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

4.3 Grants revenue

Grants revenue is comprised of Australian Government grants (including GST), grants from the community and industry, and other miscellaneous grants.

A 1.1 per cent increase in total grants revenue is forecast for 2021–22, primarily driven by increases in GST revenue but partially offset by decreases in Australian Government capital grants.

Table 4.4 Grants revenue[1,2]

	2019–20 Actual $ million	2020–21 Est. Act $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Current grants						
GST revenue grants[3]	12,761	14,809	15,616	16,399	17,164	18,016
Other Australian Government grants[4]	12,726	13,556	13,453	14,231	14,981	15,209
Other grants and contributions	313	318	296	298	339	304
Total current grants	**25,800**	**28,684**	**29,364**	**30,928**	**32,484**	**33,528**
Capital grants						
Australian Government grants	1,805	2,865	2,538	2,546	2,840	2,791
Other grants and contributions	37	33	33	40	20	35
Total capital grants	**1,841**	**2,899**	**2,571**	**2,585**	**2,860**	**2,826**
Total Australian Government payments	27,292	31,230	31,607	33,176	34,985	36,016
Total grants revenue	**27,641**	**31,582**	**31,935**	**33,513**	**35,344**	**36,354**

Note:

1. Numbers may not add due to rounding.
2. Amounts in this table may differ to those outlined in Chapter 10 due to different classification treatments.
3. Includes entitlements to payments associated with the ‘no worse off’ guarantee as part of the Australian
4. Queensland Treasury estimates. Differs from Chapter 8 due to the inclusion of direct Australian

4.3.1 GST revenue

Improvements in the national GST pool, along with an increase in the state’s share of the pool, have been the key drivers of stronger forecasts for Queensland’s GST revenue.

Following an 11 per cent decline in 2019–20, GST revenue is estimated to rebound 16 per cent in 2020–21, boosted by stronger than expected national household spending and dwelling investment, as well as better than expected recovery of outstanding GST debt.

Queensland’s GST revenue is expected to grow 5.4 per cent in 2021–22 compared with 2020–21.
This increase in GST revenue is primarily due to:

- the Australian Government forecasting 4 per cent growth in GST for 2021–22, with receipts consolidating at an elevated level following a 15.8 per cent rebound in 2020–21
- the Commonwealth Grants Commission recommending to the Australian Government that Queensland should receive a larger share of GST.

Average annual growth in GST revenue of 4.9 per cent is forecast across the 3 years ending 2024–25, in line with forecast growth in the national pool and reflecting solid increases in taxable consumption nationally.

Revisions to the GST pool

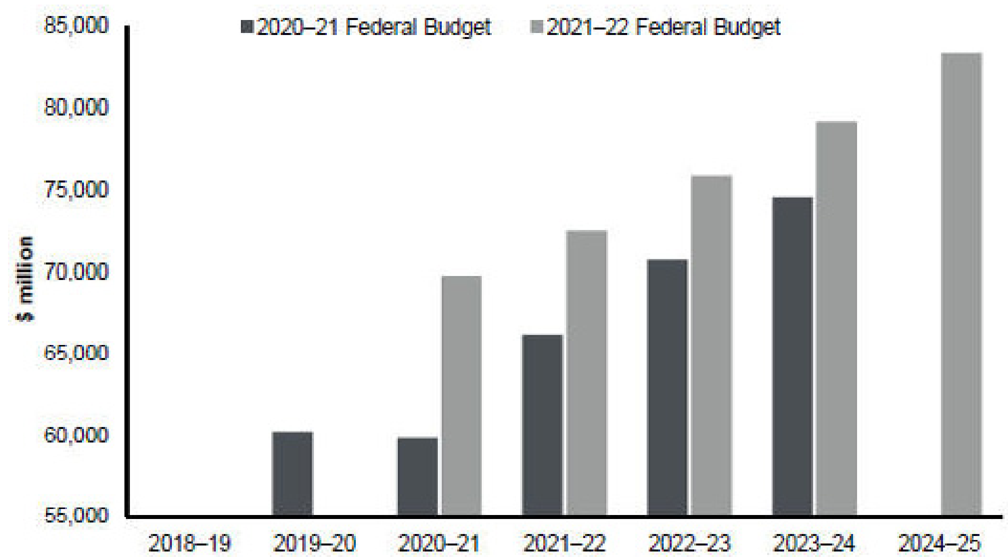
The Australian Government's national GST pool forecast was upgraded in the 2021–22 Federal Budget, to be $26 billion higher across the 4 years to 2023–24 compared with 2020–21 Federal Budget estimates.

For 2020–21, this reflected robust household consumption and dwelling investment as well as better than expected recovery of outstanding GST debt.

From 2021–22 onwards, the Australian Government's improved outlook for the national economy, particularly taxable consumption, is expected to drive higher than previously expected GST receipts.

Chart 4.9 compares GST revenue pool forecasts published in the 2020–21 and 2021–22 federal budgets.

Chart 4.9 Australian Government forecast of national GST revenue pool



Sources: 2020–21 Federal Budget and 2021–22 Federal Budget

GST – Queensland's assessed fiscal capacity

In early-2021, the Australian Government accepted the CGC's recommendation that Queensland requires a larger share of GST revenue in 2021–22 compared to 2020–21. The CGC's recommendation was driven by a range of factors, including the following:

- below average growth in the value of property sales and higher growth in national land tax revenue increased Queensland's assessed needs
- an increase in mining royalties for Western Australia led to a reduction in Queensland's relative capacity to generate mining revenue
- these changes were partly offset by revisions to state natural disaster relief expenses and above average growth in Australian Government payments.

4.3.2 Australian Government payments

Australian Government payments to Queensland in 2021–22 are expected to total $31.607 billion, representing an increase of $376 million (1.2 per cent) compared to payments in 2020–21. This increase is driven by an $807 million (5.4 per cent) increase in GST revenue but is partially offset by a $327 million (11.4 per cent) decrease in other Australian Government capital grants.

Chapter 8 provides a detailed overview of federal-state financial arrangements, including further discussion of matters related to Queensland's share of GST revenue and other Australian Government payments to Queensland.

4.3.3 Other grants and contributions

Other grants and contributions are funds received from other state and local government agencies, other bodies and individuals.

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. Contributions exclude Australian Government grants and user charges.

Other grants and contributions comprise only a small share of total grant revenue (one per cent in 2021–22). Given the nature of these revenues, total revenue from other grants and contributions is expected to be volatile across the forecast period.

4.4 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.

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, although changes to export volumes may in turn impact prices. Specific risk factors are considered in developing forecasts and include the level of exposure of mining operations to the risk of natural disasters and the timing of scheduled maintenance for the rail network and ports.

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

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

Table 4.5 Royalties and land rents[1]

	2019–20 Actual $ million	2020–21 Est. Act $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Coal	3,517	1,745	2,048	2,550	2,778	2,943
Petroleum[2]	466	298	632	551	618	625
Other royalties[3]	549	479	487	466	485	480
Land rents	154	146	174	177	179	182
Total royalties and land rents	**4,686**	**2,667**	**3,341**	**3,743**	**4,060**	**4,229**

Notes:

1. Numbers may not add due to rounding.
2. Includes liquefied natural gas (LNG).
3. Includes base and precious metal and other mineral royalties.

Royalty revenues are estimated to fall 44.4 per cent in 2020–21, largely due to lower coal and oil prices and a moderation in coal export volumes. However, royalty revenue is forecast to partially rebound (by 25.6 per cent) in 2021–22, reflecting the expected improvement in global economic activity, as well as the impact of the new volume based petroleum royalty model, before easing to more moderate growth in subsequent years.

While total royalties are expected to improve over the forecast period, coal export volumes are likely to be lower than previously expected amid ongoing Chinese import restrictions. Royalties are also expected to be negatively impacted by the higher Australian dollar.

4.4.1 Coal royalties

A large proportion of Queensland's royalties and land rents comes from coal mining and the majority of this revenue is attributable to the hard coking coal used in global steel production.

The lower level of total royalties collected from thermal coal mining reflects the smaller volume of this type of coal mined in Queensland, the lower values per tonne of thermal coal and the 3-tiered coal royalty rate system, where lower value coal is subject to a lower average royalty rate.

Coal royalties are expected to total $1.745 billion in 2020–21, 50.4 per cent lower than in 2019–20 but 6.2 per cent higher than forecast at the 2020–21 Budget. The decline was driven by significant falls in both prices and volumes of Queensland coal exports. On a year-average basis, the premium hard coking coal price is estimated to decrease by 23.3 per cent in 2020–21, to US$116 per tonne, while crown[1] export coal tonnages are expected to be around 9.9 per cent lower.

The fall in coal prices and volumes reflects weaker global economic growth, which was exacerbated significantly by the COVID-19 pandemic. Import restrictions from China have also weighed on Australian seaborne coking coal prices, while the impact on volumes will depend on how long the restrictions remain in place and how much supply will be taken up by other countries.

Coal royalty revenue is forecast to rebound in 2021–22, (growing by 17.4 per cent compared to 2020–21), largely reflecting a 11.7 per cent increase in hard coking coal prices (to US$130 per tonne). However, the extent of this rebound in coal royalties and the subsequent outlook continues to be subdued and subject to substantial uncertainty given the ongoing concerns about China's restrictions on importing Australian coal.

Revenue is forecast to grow by 24.5 per cent in 2022–23, with crown export coal tonnages forecast to rebound by 10.8 per cent and coal prices expected to gradually improve. This largely reflects the continued recovery in global economic activity from the COVID-19 pandemic and the return of demand from China post 2021–22, albeit at subdued levels.

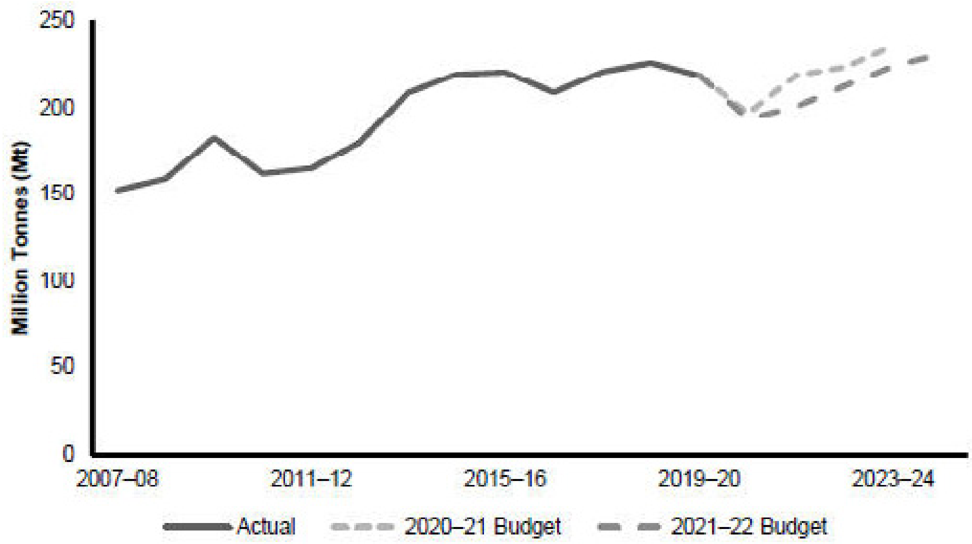
1 Excludes coal where royalties are not paid to the Queensland Government, that is, private royalties. This will not align with Chapter 2 nor Chart 4.10, both of which include private royalties.

Queensland's export earnings are expected to improve as the global economy continues to recover from the COVID-19 pandemic, increasing demand and prices for Queensland's coal exports. As a result, prices are expected to move back towards a longer-term price of around US$145/t and growth in export tonnages is forecast to moderate to 5.9 per cent in 2023–24 and 4.7 per cent in 2024–25.

Coal royalty revenue is forecast to grow by 9 per cent in 2023–24, and 5.9 per cent in 2024–25 as both coal export prices and volumes recover.

Despite the recovery, Queensland's coal exports are expected to remain below 2019–20 levels until 2023–24 and coal royalties remain well below the level they reached in 2019–20. Chart 4.10 shows total coal export forecasts compared to the 2020–21 Budget outlook.

Chart 4.10 Export coal tonnages[1]



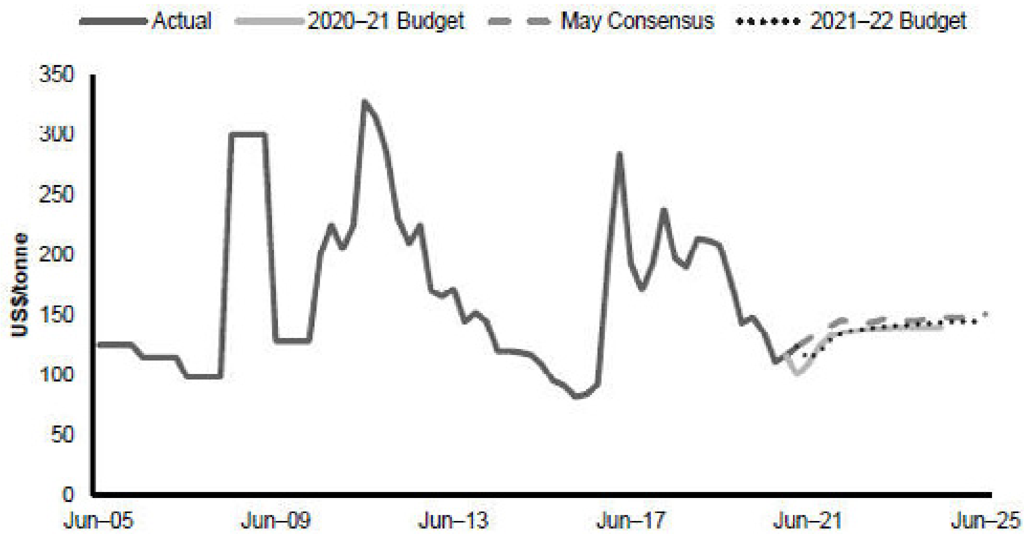
Note:

1. Includes coal exports where royalties are not paid to the government, i.e. private royalties. This will not align with tonnages presented in Appendix C which exclude private royalties.

Source: Unpublished ABS trade data and Queensland Treasury

Chart 4.11 shows coking coal price forecasts compared to the 2020–21 Budget outlook and average quarterly price forecasts from the latest Consensus Economics forecasts. This shows that the hard coking coal price forecasts underpinning the economic and revenue outlook are broadly similar to the latest Consensus Economics forecasts.

Chart 4.11 Coking coal price forecasts by iteration



Sources: Consensus Economics and Queensland Treasury.

An ongoing risk to coal export volumes over the medium to longer term is that Japan and South Korea have committed to achieving net zero CO2 emissions by between 2050 while China has committed to achieve this by 2060. This may lead to an earlier reduction in thermal coal consumption in these countries than previously expected. In addition, South East Asia is generally moving away from coal fired power due to limited finances to fund coal fired power projects.

4.4.2 Petroleum royalties

Compared to coal, petroleum royalties make up a smaller share of total royalties, though petroleum royalties have grown strongly as the export industry matured.

Oil prices factor strongly into petroleum royalty forecasts. Most of the LNG produced in Queensland is sold under long-term contracts linked to oil prices, while the production level of the 3 major LNG plants is expected to be relatively stable across the forward estimates.

In 2020–21, revenue from petroleum and gas royalties are estimated to total $298 million, 36.1 per cent lower than 2019–20 and 3.1 per cent lower than forecast at the 2020–21 Budget.

While LNG export volumes were largely unaffected by the COVID-19 crisis, the pandemic led to a sharp fall in global oil prices. This materially impacted LNG values in 2020–21 and, therefore, led to a reduction in petroleum and gas royalties.

Production cuts by global oil producers have seen oil prices rise to above US$70/barrel, which should see the price (and value) of Queensland's LNG exports rebound throughout 2021. As a result, petroleum royalties are expected to rebound in 2021–22, growing by 112 per cent. This also reflects 2021–22 being the first full year under the new volume-based royalty model, which replaced the previous wellhead model in October 2020.

Major oil producers are expected to increase global oil supply throughout 2021, which is expected to put downward pressure on oil prices. As a result, petroleum royalties are forecast to decline by 12.8 per cent in 2022–23.

Following this, oil prices are expected to gradually return to US$60/barrel by June 2023 as demand continues to recover. As a result, petroleum royalties are forecast to grow by 12.2 per cent in 2023–24, and then 1.2 per cent in 2024–25.

4.4.3 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 estimated to total $479 million in 2020–21, 12.8 per cent lower than 2019–20. This reduction reflects collections returning to normal levels following additional compliance activities undertaken in 2019–20. This was partially offset by reassessment activities undertaken in late 2020 which increased revenue across metal and mineral royalty lines.

Revenue from other royalties is expected to be volatile over the forecast period, growing by 1.8 per cent in 2021–22, declining 4.4 per cent in 2022–23, growing 4 per cent in 2023–24, and declining 1.1 per cent in 2024–25. This volatility largely reflects differences in the expected production profiles across minerals and the extent to which some miners are eligible for the mineral processing discount.

4.4.4 Land rents

Revenue from land rents derived from mining and petroleum leases and pastoral holdings are estimated to total $146 million in 2020–21, a decline of 5.2 per cent compared with 2019–20. This decline is primarily driven by the write down in revenue from rents during the COVID-19 crisis due to the government's relief measures.

Revenue from land rents are expected to rebound in 2021–22 and grow by 19.5 per cent, driven by the expected recovery in the economy, as well as a tapering of drought relief rental deferrals due to improved La Niña related weather conditions.

Revenue from land rents are then expected to grow by 1.4 per cent per annum over the 3 years ending 2024–25.

4.5 Sales of goods and services

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

Table 4.6 Sales of goods and services[1]

	2019–20 Actual $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Fee for service activities	2,215	2,532	2,648	2,530	2,594	2,523
Public transport:						
South East Queensland	289	221	346	376	414	414
Rent revenue	583	511	554	574	596	607
Sale of land inventory	34	61	82	112	63	51
Hospital fees	689	879	894	904	913	923
Transport and traffic fees	471	486	510	529	543	560
Other sales of goods and services	1,338	1,378	1,028	1,066	1,242	1,130
Total	**5,618**	**6,068**	**6,062**	**6,091**	**6,365**	**6,209**

Note:

1. Numbers may not add due to rounding.

The government provides concessions in the form of discounts, rebates and subsidies to improve access to and the affordability of a range of services for individuals or families, based on eligibility criteria relating to factors such as age, income and special needs or disadvantage. The Concessions Statement (Appendix A) provides details of the concession arrangements provided by the Queensland Government.

4.5.1 Fee for service activities

Examples of 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.

4.5.2 Other sales of goods and services

As shown above in Table 4.6, revenue is also raised from 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.

4.6 Interest income

Interest income primarily comprises interest earned on investments, including those held to support debt, superannuation and insurance liabilities.

Interest income is estimated to account for 4 per cent of total General Government Sector revenue in 2021–22.

Interest income is forecast to increase across the forward estimates, benefiting from increases in investments being made as part of the Queensland Future Fund (QFF) – Debt Retirement Fund (DRF) initiative and other funds (this is discussed in more detail in Chapters 3 and 6).

4.7 Dividend and income tax equivalent income

Dividend and income tax equivalent income accounts for 1.8 per cent of total General Government Sector revenue in 2021–22.

Revenue from dividend and income tax equivalent income is estimated to total $916 million in 2020–21, $1.013 billion (52.5 per cent) lower than in 2019–20, and $264 million (22.4 per cent) lower than expected at the 2020–21 Budget. These movements are primarily due to decreases in earnings from the electricity generation sector, driven by lower wholesale electricity prices.

Dividend and income tax equivalent incomes are forecast to increase by 24.7 per cent in 2021–22, but then forecast to decline by 6.1 per cent in 2022–23, 10.2 per cent in 2023–24 and 2.6 per cent in 2024–25. The declines in dividend and income tax equivalent incomes from 2022–23 primarily reflect lower forecast profits in the electricity generation sector, with the entry of renewables boosting supply into the grid and keeping downward pressure on wholesale electricity prices.

Trends in dividends and income tax equivalent income are discussed in more detail in Chapter 10.

4.8 Other revenue

Other revenue, including royalty revenue, accounts for 7.2 per cent of total General Government Sector revenue in 2021–22 (see Table 4.7). Royalties and land rents account for 5.2 per cent of revenue in 2021–22 and are discussed in detail in Section 4.4.

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

Revenue from fines and forfeitures is estimated to grow by 5.3 per cent in 2020–21, following a decline of 11.3 per cent in 2019–20. This rebound is partially due to full year operation of mobile cameras compared to 2019–20, when operations were shut down or reduced over a number of months. The lower base in 2019–20 also likely reflects less traffic on the roads in the last quarter due to COVID-19, delays in the introduction of new cameras and the infringement rate being less than anticipated.

Revenue from fines and forfeitures is forecast to grow by 39.3 per cent in 2021–22, partly driven by the introduction of new cameras that detect use of mobile phones and if seat belts are being worn. Revenue is forecast to grow by 7.9 per cent in 2022–23, driven by the planned rollout of additional cameras, and then remain stable in 2023–24 and 2024–25, growing by 2.5 per cent and 0.2 per cent, respectively.

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

Table 4.7 Other revenue[1]

	2019–20 Actual $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Royalties and land rents	4,686	2,667	3,341	3,743	4,060	4,229
Fines and forfeitures	406	427	595	643	659	660
Revenue not elsewhere classified	823	929	652	660	664	668
Total other revenue	**5,915**	**4,023**	**4,589**	**5,046**	**5,383**	**5,557**

Note:

1. Numbers may not add due to rounding.

Box 4.4 SPER improved debt collection

In September 2020, the Palaszczuk Government announced the Debt Recovery and Compliance Program. The program is a package of increased revenue compliance and collection measures to raise an additional $488.1 million by 30 June 2024 at a cost of $74.95 million. The program will increase proactive debt management by the State Penalties and Enforcement Registry (SPER) as well as increase audits and investigations for taxation and royalties.

Queenslanders have every right to expect that people pay their fines and SPER plays a critical role in upholding the integrity of the justice system by ensuring penalty debts are paid.

The key SPER initiatives and outcomes delivered to date under the program are outlined below.

- Since opening in January 2021, the new Debt Management Centre (DMC) at Ipswich has contributed significantly to the increase in the monthly value of debt collected by SPER in the 3 months to the end of May 2021. Monthly SPER collections averaged $26 million during this period compared with an average of $22 million in the preceding 6 months.
- In 2020–21 to 30 April 2021, increased SPER field enforcement activities have collected approximately $12 million in payments compared to $3.7 million in 2019–20. These enforcement activities include driver licence suspension, vehicle immobilisation, and the seizure and sale of vehicles.
- In May 2021, SPER commenced regional field enforcement campaigns with uniformed enforcement teams targeting debtors across the state who refuse to pay their SPER debts. Previous field enforcement activities had been limited to South East Queensland and are now being extended across the state.
- A renewed focus is also being given to collection of debts by full payment (rather than by instalment or other arrangement), with positive results being $142.8 million in payments in 2020–21 to 31 May 2021 compared with $136.6 million in the same period in 2019–20.

5 Expenses

Features

- In the 2021–22 Queensland Budget, the Queensland Government continues to provide targeted expense measures in response to the on-going effects of the pandemic as well as pivoting to support longer-term recovery under the Queensland Government's *Economic Recovery Plan*.
- General Government Sector expenses are expected to increase in 2021–22 reflecting the need for a continued strong health response to the COVID-19 pandemic and support to drive economic growth and jobs.
- Expenses for 2021–22 are estimated to be $67.148 billion, an increase of $2.949 billion from 2020–21. The increase partly reflects Queensland's continued health response to the COVID-19 pandemic including fever clinics, contact tracing, compliance and quarantine activities and the vaccination program together with additional jobs and industry support initiatives to assist economic recovery. Student enrolment growth and demand for health services also contribute to higher expenses in 2021–22.
- Beyond 2021–22, growth in General Government Sector expenses is expected to moderate to sustainable levels over the longer term as the need for government support tapers as the economy recovers.
- Total expenses are projected to grow at an average annual rate of 2.3 per cent over the 4 years to 2024–25. Revenue is expected to grow at an average annual rate of 3.9 per cent over the same period.
- The Queensland Government's Savings and Debt Plan, announced on 9 July 2020, targeted savings of $3 billion over 4 years to 2023–24. Savings of $750 million in 2020–21 have been achieved under the Savings and Debt Plan. Workstreams established under the Savings and Debt Plan are continuing to identify cross-government savings opportunities and will support agencies to achieve remaining savings through to 2023–24.
- In 2021–22, the major areas of expenditure are in the key frontline services of health and education, which together constitute approximately 56.6 per cent of General Government Sector expenses.

This chapter provides an overview of General Government Sector expenses for the forecast 2021–22 Budget year and projections for 2022–23 to 2024–25. The forward estimates are based on the economic projections outlined in Chapter 2.

5.1 2020–21 estimated actual

General Government Sector expenses in 2020–21 are estimated to be $64.199 billion, $682 million lower than the 2020–21 Queensland Budget.

The decrease in expenses since the 2020–21 Budget is largely driven by:

- lower than projected costs related to COVID-19 health response, some of which will be delivered in 2021–22
- lower interest expenses resulting from reduced borrowing requirements due to stronger taxation and GST revenue than previously forecast and lower than expected interest rates in the second half of 2020–21
- timing of expenditure under various grant programs including natural disaster expenditure
- actuarial adjustments for the state's Defined Benefit Superannuation Scheme.

These expenses were partly offset by the Australian Government's advance payment of financial assistance grants to local governments in 2020–21 for the 2021–22 financial year.

5.2 2021–22 Budget and outyears

Table 5.1 General Government Sector expenses[1]

	2019–20 Outcome $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Employee expenses	25,660	26,284	27,474	28,598	29,337	30,344
Superannuation interest costs	354	246	373	398	400	393
Other superannuation expenses	3,183	3,116	3,156	3,234	3,307	3,355
Other operating expenses	17,087	17,102	17,963	17,273	17,614	17,576
Depreciation and amortisation	4,033	4,234	4,356	4,509	4,677	4,829
Other interest expenses	1,486	1,567	1,667	1,880	2,085	2,241
Grants expenses	11,695	11,649	12,160	12,260	11,957	11,476
Total Expenses	**63,498**	**64,199**	**67,148**	**68,151**	**69,376**	**70,214**

Note:

1. Numbers may not add due to rounding.

General Government Sector expenses of $67.148 billion in 2021–22 represent an increase of $2.949 billion (or 4.6 per cent) over the 2020–21 estimated actual. Key initiatives contributing to the growth in expenditure in 2021–22 include:

- continuation of the government's COVID-19 response including fever clinics, contact tracing and testing capability, the vaccination program, compliance activities, facilitation of quarantine in government-arranged accommodation and COVID-19 call centres telephone support for people in mandatory hotel quarantine

- Queensland Health's performance stabilisation measures to address pressures in emergency patient flow through our public hospitals, elective surgery and specialist outpatient waitlists and the opening of the Nambour Hospital Redevelopment
- student enrolment growth and increased funding under the National School Reform Agreement and associated Bilateral Agreement
- creation of the Industry Partnership program (as part of the Queensland Jobs Fund)
- provision of ongoing funding for the Skilling Queenslanders for Work initiative
- additional funding for the Housing and Homelessness Action Plan and the establishment of a Housing Investment Fund, with its returns used to drive new supply to support current and future housing needs
- increased funding for youth justice.

5.3 Expenses by operating statement category

As outlined in Chart 5.1, the largest expense categories in the General Government Sector in 2021–22 are employee and superannuation expenses (46.2 per cent). Other operating expenses (26.8 per cent) follows, reflecting 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, 2021–22

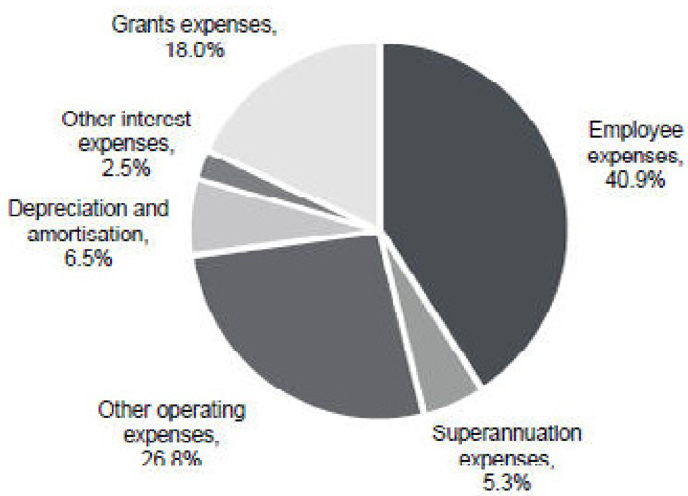
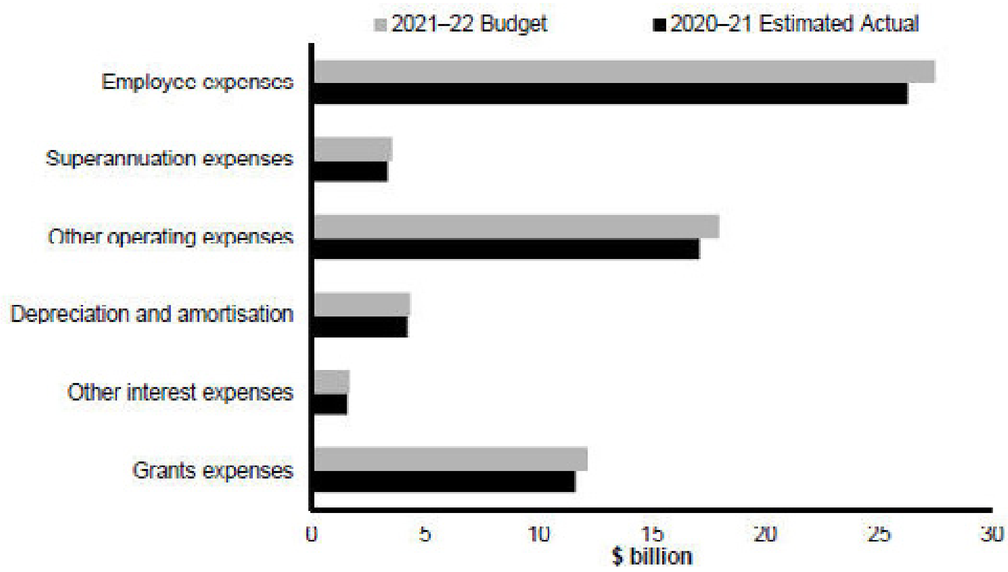


Chart 5.2 identifies the growth in expenses in each operating statement category between the 2020–21 Budget and the 2021–22 Budget. The largest increases in 2021–22 are in employee expenses, reflecting workforce requirements to meet the ongoing demand for frontline hospital and health services and school enrolment growth, and other operating expenses driven by COVID-19 response activities.

Chart 5.2 Growth in expenses by operating statement category – 2020–21 Budget to 2021–22 Budget



5.3.1 Employee expenses

Employee expenses include salaries and wages, annual leave and long service leave.

In 2021–22, employee expenses are expected to be $27.474 billion, $1.189 billion or 4.5 per cent higher than the 2020–21 estimated actual. This reflects the increase in key frontline service areas of health and education due to demand for health services, and student population growth.

In the 2020–21 Budget the government implemented a wage deferral of scheduled increases in General Government sector wages from 2020–21 into the following 2 years to partly offset the impact of its COVID-19 measures. Employee expenses are estimated to increase 4.5 per cent in 2021–22 and 4.1 per cent in 2022–23 reflecting the deferred wage increases and the additional activity in response to the COVID-19 pandemic.

Employee expenses growth over the 4 years to 2024–25 is broadly in line with population growth and government election commitments towards supporting frontline services.

Full-time equivalents

The government is delivering on its commitment to revitalise frontline service delivery. This has contributed to full time equivalents (FTE) increasing 34,357 (or 17.26 per cent) from 2014–15 to 2020–21.

Between March 2015 and March 2021:

- teachers increased by 5,662 (or 13.45 per cent)
- teacher aides increased by 1,431 (or 15.35 per cent)
- nurses increased by 8,407 (or 30.11 per cent)
- health practitioners increased by 4,291 (or 43.43 per cent)
- doctors increased by 2,841 (or 35.83 per cent)
- ambulance officers increased by 858 (or 23.11 per cent)
- police officers increased by 728 (or 6.48 per cent)
- firefighters increased by 172 (or 7.16 per cent).

As at March 2021, around 91.57 per cent of public servants were engaged in frontline and frontline support roles.

FTEs are estimated to increase by around 3,797 in 2021–22, driven principally by increases in health, education and other frontline services like police, child safety and QBuild.

The government is also committed to ensuring that public service staff are located where they are needed in the community. Around 47 per cent of FTEs are located outside Greater Brisbane, of which around 96 per cent are engaged in frontline and frontline support roles. Regional Action Plans show increases in key service delivery occupations across the regions.

Box 5.1 Public sector FTE management

In accordance with the Savings and Debt Plan, the Queensland public sector continues to actively manage its workforce to ensure limited increases in the overall public sector FTE cap.

This includes measures such as prioritising non-frontline recruitment within the existing public sector workforce to prevent unnecessary workforce growth and managing a natural reduction in the senior executive service cohort.

In the 2021–22 Budget, the government has established a whole-of-government pool of unallocated FTEs (the Pool), to resource approved priority functions where they cannot be resourced from within an agency's existing FTE levels. Unallocated FTE positions for the Pool have been sourced from existing agency allocations where they were not being utilised. This Pool will assist the government to continue to prioritise its resources, including to new priority functions, while limiting increases in overall public sector FTE levels.

The Pool will be managed by the Public Service Commission in partnership with Queensland Treasury and the Department of the Premier and Cabinet.

Public sector workforce information is published bi-annually by the Public Service Commission.

The Public Service Commission publishes a bi-annual Queensland Public Sector Workforce Profile. The March 2021 update reports 235,447.72 full-time equivalents, an increase of 1,305.23 FTEs across the public sector workforce since September 2020. The increase reflects growth of 1,803.08 FTE frontline and frontline support roles and a reduction of 497.85 FTE non-frontline roles. The reporting basis used by the PSC reflects FTEs paid at a certain date. FTEs reported in Table 5.2 reflects approved funded FTE positions.

Table 5.2 Funded Controlled FTE positions by Department[1]

	2020–21 Adjusted Budget[2]	2020–21 Estimated Actuals	2021–22 Budget
Agriculture and Fisheries	2,115	2,118	2,108
Children, Youth Justice and Multicultural Affairs	5,121	5,162	5,286
Communities, Housing and Digital Economy	3,985	3,985	3,590
Education	75,334	75,170	75,706
Electoral Commission of Queensland	76	76	76
Employment, Small Business and Training	4,542	4,567	4,576
Energy and Public Works	1,707	1,708	2,319
Environment and Science	2,867	2,861	2,841
Justice and the Attorney-General	3,645	3,654	3,628
Office of the Inspector-General of Emergency Management	22	22	22
Premier and Cabinet	457	456	455
Public Safety Business Agency	1,019	1,019	0
Public Service Commission	63	65	64
Queensland Audit Office	191	191	191
Queensland Corrective Services	6,245	6,255	6,599
Queensland Fire and Emergency Services	3,516	3,516	3,788
Queensland Health	96,939	96,939	99,266
Queensland Police Service	15,956	15,956	17,031
Queensland Treasury	1,111	1,227	1,213
Regional Development, Manufacturing and Water	526	575	586
Resources	1,553	1,556	1,535
Seniors, Disability Services, and Aboriginal and Torres Strait Islander Partnerships	1,995	1,998	1,961
State Development, Infrastructure, Local Government and Planning	1,029	973	973
The Public Trustee of Queensland	637	637	637
Tourism, Innovation and Sport	466	475	467
Transport and Main Roads	7,512	7,512	7,512
Whole-of-Government unallocated FTE pool[3]			40
Total	**238,629**	**238,673**	**242,470**

Notes:

1. Explanations of variations in departmental FTEs can be found in the Service Delivery Statements (SDS). Departmental totals may include multiple tables from SDS, due to separate FTE tables being provided for Departmental service areas and Commercialised Business Units.
2. Adjusted Budget reflects movements of FTEs following Machinery of Government changes only.
3. The total 2021–22 Budget includes an additional 40 FTEs held in the newly established whole-of-government unallocated FTE Pool. Refer to Box 5.1.

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, Australian Accounting Standards Board (AASB) 119 *Employee Benefits* requires the discounting of future benefit obligations using yield rates on government bonds net of investment tax. Interest costs are calculated on a net liability approach by applying the discount rate to both the gross liability and superannuation plan assets.

Superannuation interest costs are dependent on the applicable discount rates at the beginning of the year. Rates declined in 2019–20 resulting in lower superannuation interest costs in 2020–21.

Bond yields are forecast to rise over the forward estimates increasing superannuation interest costs by $127 million in 2021–22. The impact on superannuation interest costs from rising government bond yields in the later part of the forward estimates is largely offset by the effect of a declining defined benefit superannuation liabilities. The obligations of the defined benefit scheme, which is closed to new members, 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 2021–22, other operating expenses are expected to be $17.963 billion, an increase of $861 million, or 5 per cent, higher compared to the 2020–21 estimated actual.

The increase in other operating expenses is driven mainly by:

- the continuation of the government's COVID-19 response, in particular facilitation of quarantine in government-arranged accommodation
- the ramp up of works under the Cross River Rail project.

Other operating expenses are expected to decline in 2022–23 as the need for the government's COVID-19 health response tapers and Cross River Rail works reduce as the project gets closer to completion.

5.3.4 Depreciation and amortisation

Depreciation and amortisation expenses is an estimate of the progressive consumption of the state's assets through normal usage, wear and tear and obsolescence. Growth in this expense category primarily reflects the increasing investment in state infrastructure and asset revaluations.

Depreciation expenses have increased in all years of the forward estimates as the General Government Sector capital program rolls out.

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 $100 million in 2021–22 to $1.667 billion compared to $1.567 billion in 2020–21.

Interest costs have fallen in both 2020–21 and 2021–22 compared to the 2020–21 Budget due to improvements in the fiscal position.

Interest expenses across the forward estimates remain below the peak of $2.328 billion in 2014–15.

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 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 9).

Capital grants also 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 Owner's Grant and non-state schools) for capital purposes.

Table 5.3 provides a breakdown of grants by category and recipient type.

Table 5.3 Grant expenses[1]

	2019–20 Outcome $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million
Current			
Grants to local government	696	873	653
Grants to private and not-for-profit organisations			
State funding for non-state schools	712	760	790
Australian Government funding for non-state schools	3,152	3,124	3,472
Other	2,297	2,067	2,065
Grants to other sectors of government			
Community service obligations to PNFCs	508	475	538
Other payments to PNFCs	50	52	89
Other (includes payments to NDIA)	1,580	1,988	2,055
Other	969	514	366
Total current grants	**9,964**	**9,854**	**10,028**
Capital			
Grants to local government	1,070	1,070	1,447
State funding for non-state schools	100	101	117
Grants to private and not-for-profit organisations	430	418	379
Payments to PNFCs	33	30	50
Queensland First Home Owners' Grants	96	172	123
Other	2	5	16
Total capital grants	**1,731**	**1,796**	**2,132**
Total current and capital grants	**11,695**	**11,649**	**12,160**

Note:

1. Numbers may not add due to rounding.

In 2020–21, grant expenses are estimated to total $11.649 billion, $46 million lower than 2019–20. The relatively flat growth in grants expenses in 2020–21, despite an increase in grants to the National Disability Insurance Agency (NDIA), is mainly due to the immediate stimulus provided in the wake of the COVID-19 crisis. In 2019–20, significant stimulus was provided to businesses through payroll tax and land tax rebates and electricity rebates for small businesses.

In 2021–22, total grant expenses are estimated to be $12.160 billion, $511 million higher than 2020–21. This increase is mainly due to:

- higher Australian government grants on-passed to non-government schools
- funding for the new Industry Partnership Program (under Queensland Jobs Fund) to boost Queensland's industry footprint
- funding for job creation programs including Back to Work, Works for Queensland and South East Queensland Community Stimulus Program

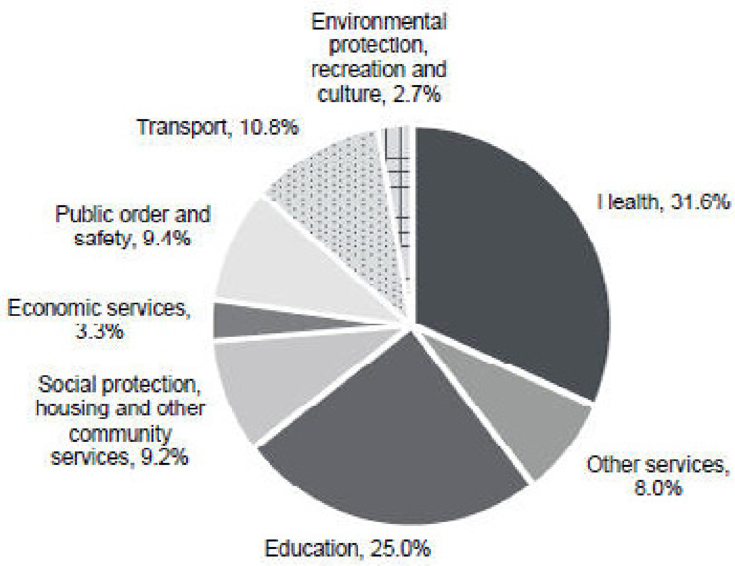
Higher grants in 2021–22 are partly offset by the Australian Government again making advance payment of the 2021–22 Financial Assistance Grants to local councils in 2020–21.

5.4 Operating expenses by purpose

Chart 5.3 indicates the proportion of expenditure by major purpose classification for the 2021–22 Budget. Health accounts for the largest share of expenses (31.6 per cent) followed by Education (25 per cent).

The COVID-19 pandemic has resulted in a significant increase in health expenditure in 2021–22, increasing the function's relative percentage of total General Government Sector expenses comparative to most other expenditure classification by purpose.

Chart 5.3 General Government Sector expenses by purpose, 2021–22



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 can also be obtained from departmental SDS.

Table 5.4 Departmental controlled expenses[1]

	2020–21 Est. Act. $ 000	2021–22 Budget $ 000
Agriculture and Fisheries	577,544	522,630
Children, Youth Justice and Multicultural Affairs	1,821,609	1,858,075
Communities, Housing and Digital Economy[2]	2,164,056	1,862,127
Education	10,270,294	11,009,676
Electoral Commission of Queensland	86,335	28,925
Employment, Small Business and Training[3]	1,397,075	1,268,358
Energy and Public Works[2]	516,323	957,731
Environment and Science[2]	858,965	832,270
Health Consolidated[4]	20,459,668	20,884,953
Inspector-General of Emergency Management	4,724	4,844
Justice and Attorney-General[2]	757,358	826,708
Legislative Assembly	106,541	106,322
Office of the Governor	7,429	8,328
Office of the Ombudsman	9,105	9,505
Premier and Cabinet	108,352	109,164
Public Safety Business Agency (abolished 1 July 2021)	305,107	—
Public Service Commission	14,217	15,169
Queensland Audit Office	44,906	44,930
Queensland Corrective Services	1,060,019	1,092,256
Queensland Fire and Emergency Services	949,288	800,192
Queensland Police Service	2,663,631	2,700,738
Queensland Treasury	624,553	510,157
Regional Development, Manufacturing and Water[2]	136,549	186,989
Resources[2]	383,160	335,850
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships[2]	364,289	311,455
State Development, Infrastructure, Local Government and Planning[2]	479,643	751,877
The Public Trustee of Queensland	88,453	88,772
Tourism, Innovation and Sport[2]	412,332	392,254
Transport and Main Roads	6,710,516	6,931,191
Total expenses	**53,382,041**	**54,451,446**

Notes:

1. Total expenses by department do not equate to total General Government Sector expenses in Uniform Presentation Framework (UPF) terms reported elsewhere in the Budget Papers as General Government Sector expenses include a wider range of entities including state government statutory authorities. In addition, transactions eliminated between entities within the General Government Sector are excluded in the preparation of whole-of-government UPF financial statements.
2. Department expenses in 2020–21 are impacted by Machinery of Government changes which occurred in late 2020.

3. Decrease from estimated actuals to Budget is mainly due to the cessation of time-limited funding in response to COVID-19, including the Small Business COVID-19 Adaption Grants.
4. This represents Health Consolidated in the Service Delivery Statement, which consolidates Queensland Health controlled, the Hospital and Health Services, and Queensland Ambulance Service.

Table 5.5 Departmental administered expenses[1]

	2020–21 Est. Act. $ 000	2021–22 Budget $ 000
Agriculture and Fisheries	64,306	57,827
Children, Youth Justice and Multicultural Affairs	16,652	1,139
Communities, Housing and Digital Economy[2]	141,873	197,373
Education	4,168,282	4,620,350
Energy and Public Works[2]	267,996	545,811
Environment and Science[2]	75,922	—
Health Consolidated[3]	69,774	77,216
Justice and Attorney-General	685,608	476,616
Premier and Cabinet	148,324	167,549
Queensland Police Service	725	—
Queensland Treasury	6,620,240	6,428,842
Regional Development, Manufacturing and Water	30,695	37,205
Resources[2]	260,883	57,996
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	2,450,503	2,434,745
State Development, Infrastructure, Local Government and Planning	886,257	1,069,112
The Public Trustee of Queensland	759	774
Tourism, Innovation and Sport[2]	148,766	126,559
Transport and Main Roads	71,149	109,746
Total expenses	**16,108,714**	**16,408,860**

Notes:

1. Total expenses by department do not equate to total General Government Sector expenses in Uniform Presentation Framework (UPF) terms reported elsewhere in the Budget Papers as General Government Sector expenses include a wider range of entities including state government statutory authorities. In addition, transactions eliminated between entities within the General Government Sector are excluded in the preparation of whole-of-government UPF financial statements.
2. Department expenses in 2020–21 are impacted by Machinery of Government changes which occurred in late 2020.
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

- General Government Sector net debt at 30 June 2021 is forecast to be nearly $10 billion lower than anticipated at the time of the 2020–21 Queensland Budget. This is primarily due to faster than anticipated improvements in the domestic and national economies leading to a softer impact on gross borrowing requirements, and the contributed valuation for the Titles Registry, being greater than anticipated.
- Net debt in the General Government Sector is expected to be considerably lower in every year of the forward estimates compared to estimates in the 2020–21 Budget and is projected to be $42.573 billion by 30 June 2025. By 2023–24, Queensland's forecast net debt of $39.019 billion compares favourably to Victoria's projected net debt of $138.35 billion and $96.675 billion for New South Wales.
- As the state continues its economic recovery, debt will continue to grow over the forward estimates, but at much lower levels than anticipated in the 2020–21 Budget. Notwithstanding this improvement, debt will remain higher than it was pre-pandemic.
- The Queensland Future Fund (QFF) – Debt Retirement Fund (DRF) is on track to be funded with contributions totalling $7.7 billion by 30 June 2021. In addition, the government is retaining approximately $1.8 billion from the transfer of the Titles Registry to support long-term government priorities to: drive new supply to support current and future housing need; support Path to Treaty action; and create a sustainable funding source for the existing Land Restoration Fund (LRF) to leverage private finance and investment and support financially sustainable carbon markets. The original investment to support the initiatives will remain intact to deliver sustainable and ongoing returns.
- The government is committed to maintaining a $52.216 billion 4-year infrastructure program over the forward estimates to 2024–25. The profile of the capital program over the forward estimates reflects the government's economic response to the pandemic and its focus on maintaining a sustainable program of works through to 2024–25. Over the 10 years to 2024–25, the government will have supported over $110 billion in infrastructure works.
- The Non-financial Public Sector (NFPS) capital program for the period 2021–22 to 2024–25 comprises $43.892 billion of purchases of non-financial assets (PNFA) and $6.29 billion of capital grant expenses as well as acquisitions of non-financial assets under finance leases and similar arrangements of $2.034 billion.
- With the Queensland economy rebounding faster than previously forecast, positive NFPS operating cash flows of $18.725 billion are projected from 2021–22 to 2024–25. This will contribute to job creating infrastructure by partially funding the expected $43.893 billion of PNFA over the same period.
- The government will provide a further $1.5 billion to the Queensland Renewable Energy and Hydrogen Jobs Fund for government investments in commercial renewable energy and hydrogen projects. This brings the total investment in the fund to $2 billion, with $1 billion of this funding to be delivered between 2021–22 and 2024–25.

6.1 Overview

The balance sheet shows the projected assets, liabilities and net worth of the General Government Sector as at 30 June each year. A strong balance sheet provides the government with the ability to respond to financial and economic shocks, such as those brought about by the COVID-19 pandemic and natural disasters.

By leveraging the state's balance sheet in a fiscally responsible and manageable way, the government has been able to deliver targeted, temporary relief to support economic recovery, while providing a strong foundation for future economic growth.

The cash flow statement shows the expected cash flows of the General Government Sector during each financial year of the forward estimates. While the operating statement is reported in accrual terms – that is, when revenue and expenses are recorded – the cash flow statement is reported in cash terms – that is, when revenues are received, and payments are made.

The largest differences between cash and accrual accounting relate to depreciation and defined benefit superannuation.

6.2 Balance sheet

Table 6.1 summarises the key balance sheet aggregates for the General Government Sector.

Table 6.1 General Government Sector – summary of budgeted balance sheet[1]

	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Financial assets	63,745	66,917	68,047	70,694	72,271	73,605
Non-financial assets	242,503	244,780	250,163	255,259	259,612	263,240
Total assets	**306,247**	**311,697**	**318,210**	**325,953**	**331,883**	**336,845**
Borrowing with QTC	53,501	47,102	57,240	67,110	73,265	77,761
Leases and other similar arrangements	7,565	7,779	7,603	7,471	7,780	7,623
Securities and derivatives	198	198	198	198	198	198
Advances	1,506	1,505	1,432	1,119	1,018	868
Superannuation liability	27,475	23,758	22,686	21,653	20,291	18,505
Other provisions and liabilities	24,464	26,664	25,877	25,639	25,392	25,358
Total liabilities	**114,708**	**107,006**	**115,037**	**123,190**	**127,944**	**130,313**
Net worth	**191,539**	**204,691**	**203,174**	**202,763**	**203,939**	**206,532**
Net financial worth	**(50,963)**	**(40,089)**	**(46,989)**	**(52,496)**	**(55,673)**	**(56,708)**
Net financial liabilities	**72,815**	**61,871**	**69,847**	**76,499**	**80,503**	**82,036**
Net debt	**25,499**	**15,808**	**24,750**	**33,326**	**39,019**	**42,573**
Note:						

1. Numbers may not add due to rounding.

6.2.1 Financial assets

The major categories of financial assets are investments, loans and placements and investments in other public sector entities. Investments loans and placements incorporate investments held to meet future liabilities, including superannuation and insurance, as well as investments relating to the Queensland Future Fund (QFF) – Debt Retirement Fund (DRF). Moody's has indicated that the QFF will play a material role in the state's management of its debt. The General Government Sector holds the equity in the state's public enterprises, principally the shareholding in government-owned corporations (GOCs) but also Public Financial Corporations like Queensland Treasury Corporation (QTC), in much the same manner as the parent or holding company in a group of companies.

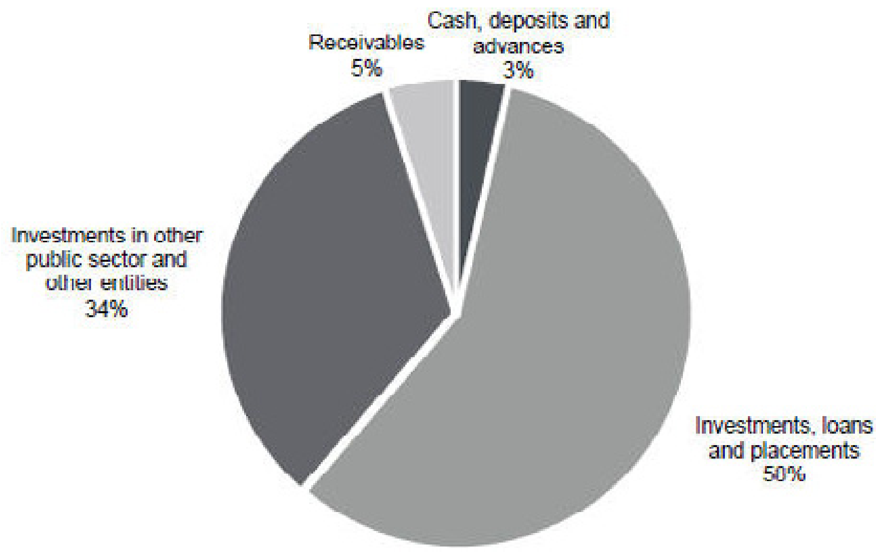
Total financial assets of $66.917 billion are estimated for 2020–21, $3.172 billion higher than published in the 2020–21 Budget. Investments, loans and placements have increased by $3.615 billion, predominantly due to an increase in the value of assets being contributed to the DRF.

The finalisation of the Queensland Titles Registry valuation means the balance of the DRF has increased to over $7.7 billion. In addition, the Queensland Government will retain approximately $1.8 billion from the transfer of the Queensland Titles Registry, held by the government to support the establishment of a Housing Investment Fund, Path to Treaty Fund and Carbon Reduction Investment Fund.

Financial assets are expected to increase by $1.130 billion to $68.047 billion by 30 June 2022, mainly due to increases in the value of investments in GOCs including the expansion of the state's investment in the Queensland Renewable Energy and Hydrogen Jobs Fund, previously the Queensland Renewable Energy Fund. With increases in the value of public enterprises and expected returns on the DRF, financial assets will continue to grow over the forward estimates and are projected to be $73.605 billion by 30 June 2025.

Chart 6.1 shows forecast General Government Sector financial assets by category at 30 June 2022.

Chart 6.1 Forecast General Government Sector financial assets by category, at 30 June 2022



6.2.2 Non-financial assets

General Government Sector non-financial assets are estimated to be $244.78 billion at 30 June 2021, $2.277 billion higher than expected in the 2020–21 Budget. This increase is largely attributable to a revised valuation for service concession arrangements under AASB 1059 *Service Concession Arrangements.*

In accordance with Australian Accounting Standards, AASB 1059 was adopted for the first time in 2020–21 with initial valuation estimates included in the 2020–21 Budget.

Service concession arrangements (SCAs) are agreements where an operator (private sector) is contracted to provide or operate an asset on behalf of the grantor (public sector) of the arrangement. The grantor will typically have a social or community obligation to provide the services delivered to the community. AASB 1059 requires the grantor to recognise SCAs over their economic life and to recognise a matching liability (refer to section 6.2.3 Liabilities below).

Non-financial assets in 2021–22 are expected to increase by a further $5.383 billion to be $250.163 billion at 30 June 2022.

Total non-financial assets at 30 June 2022 consist primarily of land and other fixed assets of $243.243 billion, the majority of which are roads, schools, hospitals and other infrastructure used to provide services to Queenslanders. Other non-financial assets of $6.92 billion held by the state include prepayments and deferred income tax assets relating to GOCs.

General Government Sector capital expenditure for 2021–22 is forecast to be $9.932 billion, which comprises $7.8 billion of PNFA and $2.132 billion of capital grant expenses. In addition, acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be $1.088 billion, bringing the total General Government Sector capital program for 2021–22 to $11.02 billion.

Over the 4 years to 2024–25, General Government Sector capital expenditure is forecast to be $36.273 billion, which comprises $29.903 billion of PNFA and $6.37 billion of capital grant expenses. Acquisitions of non-financial assets under finance leases and similar arrangements are forecast to be $1.977 billion, bringing the total General Government Sector capital program over the period to $38.25 billion.

The finance leases and similar arrangements are mainly in relation to Public Private Partnerships (PPPs), totalling more than $3.609 billion over the period 2020–21 to 2024–25. This includes major PPPs relating to the Tunnel, Stations and Development components of Cross River Rail (including returned works) and the Surgical, Treatment and Rehabilitation Service (STARS) facility at Herston.

Generally, at the commencement of finance leases, the non-financial assets and the borrowings of the state increase by an equal amount to reflect the acquisition of the asset from the proponent so there are no cash impacts on the commencement of the lease.

The current estimate of the capital program over the 4 years to 2024–25 is over $52 billion. PNFA by the NFPS over this period are forecast to be $43.892 billion. With capital grant expenses of $6.29 billion, this brings total capital expenditure to $50.182 billion. In addition to this, acquisitions of non-financial assets under finance leases and similar arrangements of $2.034 billion bring the total capital program over the period to $52.216 billion.

6.2.3 Liabilities

General Government Sector

Total General Government Sector liabilities are estimated to be $107.006 billion at 30 June 2021, a decrease of $7.702 billion since the 2020–21 Budget, predominantly due to lower than expected borrowing and superannuation liability estimates, offset in part by an increase in other liabilities due to revised valuations for service concession arrangements under AASB 1059 *Service Concession Arrangements* (refer to section 6.2.2 Non-financial assets above). This adjustment does not have any economic impact on the state's finances.

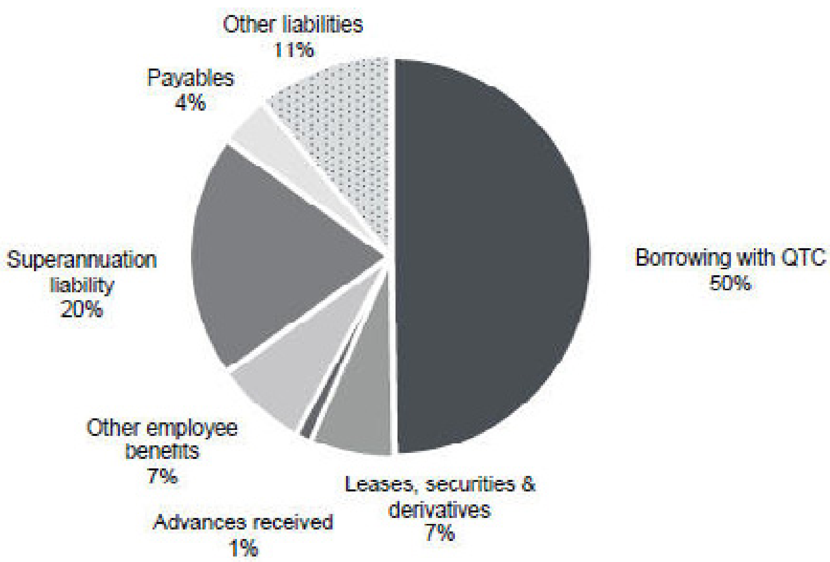
Total liabilities are expected to increase by $8.031 billion by 30 June 2022 to be $115.037 billion. General Government Sector borrowing with QTC will increase by $10.138 billion in 2021–22, to be $57.240 billion. This is $7.285 billion lower than the comparable 2020–21 Budget estimate for 2021–22. General Government Sector borrowing with QTC is then forecast to grow over the forward estimates as the economy returns to sustainable growth post the recovery from COVID-19.

By 2023–24, borrowing with QTC is expected to reach $73.265 billion, $7.388 billion lower than expected in the 2020–21 Budget. In 2024–25, total borrowing with QTC will increase by $4.496 billion to be $77.761 billion as the government continues to invest in vital infrastructure to drive sustainable economic growth.

The defined benefit superannuation liability is projected to be $23.758 billion at 30 June 2021, $3.717 billion lower than expected in the 2020–21 Budget. This is predominantly due to recent increases in 10-year bond yields which are used to value the liability. By 30 June 2022 the superannuation liability is projected to be $22.686 billion and is expected to continue to decline over the forward estimates as bond rates continue to recover, and members of the defined benefit fund retire. The fund has been closed to new entrants since 2008.

The composition of the General Government Sector's forecast liabilities at 30 June 2022 is illustrated in Chart 6.2.

Chart 6.2 Forecast General Government Sector liabilities by category, at 30 June 2022



6.2.4 Net debt

Net debt is the sum of borrowing and advances received, less the sum of cash and deposits, advances paid and investments, loans and placements.

Net debt excludes certain assets and liabilities, such as superannuation and insurance liabilities. However, it still indicates the soundness of the government's fiscal position, as high levels of net debt will require servicing through interest payments and limit flexibility to adjust expenditure.

Net debt for the General Government Sector in 2020–21 is estimated to be $15.808 billion, $9.691 billion lower than expected in the previous budget. The lower net debt is predominantly the result of a reduction in gross borrowing of $6.185 billion largely associated with the improved operating position in the sector, and an increase of $3.615 billion in investments, loans and placements, mainly representing the contribution valuation for the Titles Registry on transfer to the Queensland Future Fund (QFF) – Debt Reduction Fund (DRF), being greater than anticipated.

General Government Sector net debt is budgeted to be $24.75 billion in 2021–22, with expected returns on the DRF partially offsetting increases in gross borrowing which will be employed to support the state's economic recovery.

6.2.5 Net financial liabilities

Net financial liabilities are total liabilities, less financial assets other than equity instruments 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 2020–21 are estimated to be $61.871 billion and are estimated to increase to $69.847 billion by 30 June 2022. This increase is commensurate with the expected increase in borrowing as operating deficits continue to 2023–24, offset in part by a reduction in the superannuation liability.

6.2.6 Net worth

The net worth, or equity, of the state is the amount by which the state's assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector entities.

Changes in the state's net worth occur for several reasons including:

- operating surpluses (deficits) that increase (decrease) the government's equity
- revaluation of assets and liabilities as required by accounting standards
- movements in the net worth of the state's investments in the PNFC and Public Financial Corporations sectors
- gains or losses on disposal of assets. Where the selling price of an asset is greater (less) than its value in an agency's accounts, the resultant profit (loss) affects net worth.

General Government Sector net worth was $193.731 billion at 30 June 2020. It is expected to increase to $204.691 billion in 2020–21, over $13 billion higher than expected in the 2020–21 Budget.

Contributing to the improvement in net worth, total financial assets have increased by $3.172 billion, predominantly due to an increase in the value of assets being contributed to the DRF and other funds, borrowings have decreased by $6.185 billion in line with the improved operating position, and the superannuation liability has decreased by $3.717 billion, predominantly due to an increase in 10-year bond yields.

The net worth of the state is projected to steadily grow over the forward estimates to be $206.532 billion by 2024–25, an increase of 6.6 per cent over the period 2019–20 to 2024–25.

6.3 Cash flows

The cash flow statement provides the cash surplus (deficit) measure, which comprises the net cash flows from operating activities plus the net cash flows from investments in non-financial assets (or physical capital).

The General Government Sector cash deficit for 2020–21 is estimated to be $8.033 billion, which is $5.865 billion lower than forecast at the time of the 2020–21 Budget. This is largely due to an improved operating position driven by the faster than anticipated economic recovery and the resulting positive impact on state revenues.

After net investments in non-financial assets of $7.561 billion, a cash deficit of $7.067 billion is forecast for 2021–22. As revenues continue to improve in line with the forecast economic recovery, net cash flows from operating activities increase over the forward estimates, contributing to the government's investment in non-financial assets and alleviating the need to fund these investments completely through borrowing. In the 2020–21 Budget, positive operating cash flows were first forecast for 2022–23, while in this Budget they are forecast to occur in 2021–22.

Net cash flows from investments in financial assets for policy purposes include net cash flows from disposal or return of equity, net equity injections into GOCs and concessional loans and advances. Cash flows from the injection of equity to the PNFC and Public Financial Corporations sector are the primary driver of net outflows of $1.396 billion over the period from 2021–22 to 2024–25. This includes $1 billion of the government's $2 billion commitment to the Queensland Renewable Energy and Hydrogen Jobs Fund.

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.

Total General Government Sector PNFA of $7.8 billion are budgeted for 2021–22. Over the period from 2021–22 to 2024–25, General Government Sector PNFA are expected to total $29.902 billion as Queensland continues to deliver key elements of the Queensland Government's *Economic Recovery Plan* to support jobs and invest in the productivity-enhancing and essential social infrastructure that supports the state's ongoing recovery and future economic growth.

7 Budget measures

Features

In the 2021–22 Queensland Budget, the Queensland Government is delivering new funding including:

Protecting health

- $2 billion to establish the Hospital Building Fund to assist in meeting growth pressures across the health system, with initial commitments being the Toowoomba Day Surgery, purchasing public health services through the expansion at Mater Public Hospital Springfield and an uplift in Queensland Health's base capital program. Further commitments are expected beyond 2024–25.
- $480 million to continue the COVID-19 response including fever clinics, contact tracing and testing capability, the vaccination program, compliance activities, facilitation of quarantine in government arranged accommodation, COVID-19 contact centres and wellness checks for people in mandatory hotel quarantine.
- $648.7 million investment in the health system in 2021–22, which includes Queensland Health's $150 million operating share of the $480 million COVID-19 response; $482.5 million to address pressures in emergency patient flow through our public hospitals, elective surgery waitlists and the opening of the Nambour Hospital Redevelopment; $14.5 million for Making Tracks towards achieving health equity (2021–2025); and $1.7 million for the Rockhampton alcohol and other drug residential rehabilitation.
- $120 million uplift over 2 years to help Queensland Health manage its increasing asset base which includes buildings, medical equipment, information communication and technology (ICT), and engineering equipment.

Educating future generations

- $913.7 million for 10 new state schools to open across 2023 and 2024.
- $508.3 million for additional and renewed infrastructure in existing state schools.
- $202.9 million over 4 years and $64 million per annum ongoing to support the continued provision of universal access to kindergarten in the year before school for all Queensland children.

Supporting our energy security

- $1.5 billion to increase the existing Queensland Renewable Energy Fund (QREF) to establish the $2 billion Queensland Renewable Energy and Hydrogen Jobs Fund enabling energy government-owned corporations to increase ownership of commercial renewable energy and hydrogen projects in Queensland, in accordance with the current QREF mandate.

- $29.4 million over 4 years from 2021–22 for the Electricity Tariff Adjustment Scheme to support regional businesses.
- $22 million over 2 years from 2021–22 to undertake a detailed feasibility study for a pumped hydroelectric storage project at Borumba, and concept studies at other sites.

Protecting our environment

- $500 million for the Carbon Reduction Investment Fund with its returns to support the existing Land Restoration Fund to leverage private finance and investment and support financially sustainable carbon markets.
- $270.1 million budgeted expenditure over 5 years to maintain the Queensland Reef Water Quality program at current levels.
- $160 million for statutory annual payments to local governments in 2021–22 to ensure the waste levy will have no direct impact on households.
- $93.6 million over 4 years and $24.2 million per annum ongoing to continue the implementation of the Queensland Waste Management and Resource Recovery Strategy.
- $41.5 million over 4 years to support Environmental Markets and Investment, including the second round of grants under the Land Restoration Fund and $35 million in 2021–22 for the Queensland Natural Capital Fund.

Supporting our communities

- $1 billion for the Housing Investment Fund, with its returns used to drive new supply to support current and future housing needs.
- $300 million for the Path to Treaty Fund with its returns to be used to support Path to Treaty actions.
- $30 million over 4 years from 2021–22 to enable increased capacity for domestic, family and sexual violence services to respond to demand.
- $27.6 million over 4 years and $7.2 million per annum ongoing to continue the work of the Native Title Compensation Office.

Investing in skills and jobs

- $320 million over 4 years and $80 million per annum ongoing to continue the Skilling Queenslanders for Work initiative, which will assist up to 15,000 disadvantaged Queenslanders each year to gain skills, qualifications and experience to enter and stay in the workforce.
- Up to $140 million over 4 years for a revitalised Back to Work program to provide eligible businesses the confidence to employ Queenslanders who have experienced a period of unemployment and help workers facing disadvantage in the labour market.
- $71 million over 4 years to support the Queensland screen industry.

Building Queensland

- $200 million increased funding to deliver on the government's election commitment for the Works for Queensland program, bringing the total program funding to $1 billion from 2016–17 to 2026–27.
- $188.9 million increased funding for the Department of Transport and Main Roads to deliver Gold Coast Light Rail Stage 3. This takes the state's total funding contribution to $538.3 million towards the $1.044 billion project. This project is jointly funded by the Australian Government, Queensland Government and City of Gold Coast, and the total project cost is subject to finalisation of contract negotiations.
- $150 million increased funding to deliver on the government's election commitment to provide $200 million over 6 years for the SEQ Community Stimulus Program.
- $70 million over 3 years for delivery of Building our Regions (Round 6) to support local government infrastructure projects in regional Queensland, with a focus on water and sewerage infrastructure projects.
- $61.7 million over 4 years to support the continued preservation of the heritage-listed Queensland Cultural Centre; maintenance activities across the Queensland Museum Network in Brisbane, Townsville, Toowoomba and Ipswich; and revitalisation of the Judith Wright Arts Centre and other state-owned arts and cultural facilities through the Arts Infrastructure Investment Fund.

This chapter provides a consolidated view of policy decisions with budgetary impacts made by the government since the 2020–21 Queensland Budget.

The items listed are in addition to current funding allocated to agencies up to, and including, the 2020–21 Budget. Measures are identified where new policy decisions have been made to create, continue or increase these programs and activities. This is not a list of total funding for programs, activities and infrastructure.

This paper includes only new policy decisions and does not detail the total 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 Table 7.1, Table 7.2 and Table 7.3 in this chapter.

For details on the total funding available to agencies, refer to agencies' Service Delivery Statements (SDS).

7.1 Explanation of scope and terms

Scope

This chapter 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 2020–21 Budget.
- **Type**. Measures with budgetary impacts, in particular:

  - expense and capital measures with service delivery, capital enhancement, grant or subsidy impacts on the community, and

  - revenue measures involving significant change in revenue policy, including changes in the tax rate.
- **Exclusions**. Initiatives of a technical nature or non-policy based adjustments, such as parameter-based funding adjustments, are not included where the formula to calculate these adjustments has not been changed. This is done as they do not reflect changes in government policy. The primary focus is on measures reflecting policy decisions that impact directly on the community through service delivery or other means.
- **Materiality**. Minor measures or measures with non-significant community impact are not included in this document.

Funding basis

Tables in this document are presented on a net funding basis.

- Net funding refers to the impact that the funding of the measure has on appropriations from the Consolidated Fund or centrally held funds to the relevant General Government Sector 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 2020–21 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.
- 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 7.1, 7.2 and 7.3 identify expense, capital and revenue measures separately.

7.2 Government indexation policy

For the 2021–22 year, the government further reduced the government indexation rate from 1.8 per cent to 1.7 per cent, continuing to provide financial relief to households and businesses due to the COVID-19 pandemic. This rate reflects the actual March 2021 Consumer Price Index growth for Brisbane.

Table 7.1 Expense Measures

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Abandoned Mines Sites Initiatives	—	11.180	4.600	—	—
Additional Support to Racing Industry	—	19.580	21.680	—	—
Additional Support to Screen Industry	—	33.000	36.000	1.000	1.000
Asylum Seeker and Refugee Assistance Program	—	2.075	2.075	2.075	2.075
Aviation Route Support Package	—	5.000	5.000	—	—
Back to Work	—	35.000	35.000	35.000	35.000
Backing Queensland Maritime Jobs	—	0.500	7.000	—	—
Bail Service for Remanded Men	—	1.306	—	—	—
Biosecurity Matters	—	3.017	2.213	2.421	1.121
Building Future Schools Program	—	7.944	21.217	13.802	6.441
Building Legislation and Policy Sustainability	—	3.300	3.300	—	—
Building our Regions – Round 6 forwater and sewerage infrastructure	—	10.000	30.000	30.000	—
Camera Detected Offence Program	0.464	10.746	7.296	5.390	5.957
Carbon Reduction Investment Fund[1]	—	—	—	—	—
Celebrating Multicultural Queensland	—	—	—	—	—
Program	—	1.000	1.000	1.000	1.000
Child Protection Litigation Model	—	19.697	—	—	—
Community Transport	—	7.000	7.000	7.000	7.000

1 Returns generated will be applied to meet the costs of the Land Restoration Fund

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Comprehensive Vegetation Mappingand Reporting	—	2.303	2.349	2.414	2.461
COVID-19 Transport Services Assistance Program	(3.983)	12.166	—	—	—
Crime Statistics and Research Unit	—	1.864	—	—	—
Crocodile Management Program	—	3.000	3.000	3.000	3.000
Cultural Tourism Programming Strategy	—	—	2.000	2.000	2.000
Culture and Reconciliation Initiatives	—	0.450	0.455	0.459	0.463
Cyber Security	—	5.128	5.846	—	—
Digital Archiving Program	(0.200)	4.415	4.579	2.800	2.800
Disability Services Functions	—	1.175	1.243	1.296	1.362
Domestic and Family Violence Prevention – Engagement and Community Strategy	—	0.532	0.532	0.532	0.532
Drought Reform Package	—	6.000	7.000	7.000	7.000
DSDSATSIP Legal Affairs Unit	—	0.516	0.521	0.525	0.529
Early Childhood Education and Care Regulation	—	13.145	—	—	—
Electricity Tariff Adjustment Scheme	—	9.102	7.666	6.670	5.939
Enhanced Domestic and Family Violence Services	—	7.500	7.500	7.500	7.500
Environmental Markets and Investment	—	1.000	0.110	0.700	0.770
Extended Live Music Support	—	7.000	—	—	—
Fisheries Reform	—	14.311	13.175	7.500	7.500
Former Queensland Agricultural Training Colleges' Asset Transition	1.653	3.488	5.585	0.145	0.023

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Fraser Island (K'Gari) Bushfire Response	—	1.250	1.250	1.250	1.250
Frontline Child Safety Workers	—	11.095	20.255	22.358	22.932
Future Correctional Infrastructure Needs Business Case	—	2.448	—	—	—
Health COVID-19 Response includingmandatory quarantine	—	462.031	—	—	—
QFES Component	—	232.250	—	—	—
QPS Component	—	68.475	—	—	—
Smart Service Queensland COVID-19 service deliverycapacity and capability to protect Queenslanders duringthe COVID-19 pandemic	—	11.306	—	—	—
QH Component	—	150.000	—	—	—
Health System Investment	—	498.709	27.481	4.170	4.170
Health Performance Stabilisation	—	482.493	—	—	—
Making Tracks towardachieving health equity (2021–2025)	—	14.526	23.311	—	—
Rockhampton alcohol andother drug residential rehabilitation	—	1.690	4.170	4.170	4.170
Housing and Homelessness Action Plan (2021–2025)	—	53.720	53.720	23.720	23.720
Housing Investment Fund[1]	—	—	—	—	—
Increased Field Enforcement for Collection of Penalty Debt	—	1.700	1.012	1.023	1.035
Industry Partnership Program	—	23.000	36.500	38.000	43.500

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
International Education and Training Strategy to Advance Queensland (2016–2026)	—	4.122	4.122	4.122	4.122
Local Fare Scheme	—	7.841	—	—	—
Maintaining Queensland Public Cyclone Shelters	—	3.460	3.460	3.460	3.460
Managing Native Title Compensation Claims in Queensland	—	6.686	6.884	6.943	7.098
Mobile Black Spot Program	—	4.000	4.000	4.000	—
Modernising Queensland's Fine Administration System	—	3.509	—	—	—
National Biosecurity System Obligations	2.373	2.916		—	—
Newstead House Capital Program	—	3.848	1.644	—	—
North Queensland Natural Disasters Mitigation Program	—	3.000	5.000	2.000	—
Olympics Preparations	—	14.365	14.365	—	—
Pacific Labour Scheme and Seasonal Worker Program	—	2.601	—	—	—
Parliamentary Annexe criticalinfrastructure and services upgrade (Stage 2)	—	—	1.100	—	—
Path to Treaty Fund[1]	—	—	—	—	—
Peak and Representative Bodies and Advocacy for Queenslanders with a Disability	—	7.706	7.706	3.664	3.667
Positive Behaviour Support and Restrictive Practices	—	3.230	3.321	—	—

1 Returns generated will be applied to drive new supply to support current and future housing needs

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Prosecuting Linc Energy formerexecutives and ongoing environmental monitoring	—	9.316	6.287	—	—
Protecting Seniors from Elder Abuse	—	1.200	1.200	1.200	1.200
Queensland Aboriginal and Torres Strait Islander Foundation Scholarship Program	—	4.020	—	—	—
Queensland Building Industry Fairness Reforms	—	9.984	—	—	—
Queensland Cultural Centre Critical Infrastructure Renewal	—	0.768	1.320	1.717	2.009
Queensland Government Air	—	9.857			
Queensland Hydro-electric Study Implementation	—	14.000	8.000		
Queensland Museum Network	—	3.864	2.540	2.574	0.123
Queensland Procurement Compliance Unit Expansion	—	4.294	4.369	4.427	4.503
Queensland Reef Water Quality Program	—	1.235	56.264	55.663	48.315
Queensland Renewable Energy Zones (QREZ) Implementation	0.500	4.500	—	—	—
Queensland Waste Management and Resource Recovery Strategy	—	176.868	22.934	23.054	24.240
Regional Arts Services Network	—	1.500	1.500	1.500	1.500
Regional Communities Program	(0.500)	2.378	2.328	2.389	2.485
Remote Indigenous Land and Infrastructure Program Office	—	4.469	—	—	—
Responding to Fall Armyworm	—	1.485	1.518	—	—
Revitalising National Parks	—	3.420	—	—	—

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Roadside Drug Testing	—	1.045	1.045	1.045	1.045
Royal Commission into National Natural Disaster Arrangements	—	4.597	3.705	1.241	1.267
School Infrastructure	—	51.564	27.737	18.494	18.706
Skilling Queenslanders for Work	—	80.000	80.000	80.000	80.000
South East Queensland Community Stimulus Program	—	—	40.000	10.000	50.000
South East Queensland Koala Conservation Strategy	—	0.897	0.919	0.942	0.965
South East Queensland Wildlife Hospital Network	—	1.500	1.500	1.500	1.500
Southern Downs Drought Resilience Package	—	3.360	4.980	—	—
Special Equity and Diversity Commissioner	0.183	0.242	0.215	0.299	0.385
State Kindergarten Funding	—	22.924	56.673	59.302	63.955
Strengthening Coronial Services	—	1.154	1.011	1.011	1.011
Strengthening Timely Access to Justice for Queenslanders	—	6.095	4.497	1.209	1.239
Support for Disability Services Clients Ineligible for the NDIS	—	1.833	1.833	1.833	1.833
Supporting the Children's Court	—	1.139	1.139	1.139	1.139
Swimmer Safety including the Shark Control Program	—	4.209	4.118	4.169	4.220
Tackling Alcohol Fuelled Violence	—	6.252	—	—	—
Victim Assist Queensland	—	1.000	1.000	1.000	1.000

Expense measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Wanding Trial in Gold Coast Safe Night Precincts	—	1.000	—	—	—
Women in Custody	—	2.707	—	—	—
Works for Queensland	—	—	—	—	100.000
World Science Festival Brisbane (2022– 2024)	—	3.000	3.000	3.000	—
Youth Detention Centre Capacity – Detailed Business Case	—	5.700	—	—	—
Youth Detention Centre Capacity – Short Term Remand Centre	—	2.893	2.772	2.831	2.911
Youth Drug and Alcohol Treatment Centre	—	0.200	2.500	2.500	2.500
Youth Justice Investment	2.778	48.033	27.381	6.072	6.174
Total Expense Measures	**3.268**	**1,889.179**	**811.047**	**545.050**	**640.652**

Table 7.2 Capital Measures

Capital measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Arts Infrastructure Investment Fund	—	4.375	4.375	4.375	—
Building Future Schools Program	—	124.463	332.407	216.229	100.904
Camera Detected Offence Program	(0.464)	(33.424)	(7.959)	16.733	27.503
Comprehensive Vegetation Mapping and Reporting	—	0.011	0.011	—	0.006
Health COVID-19 Response including mandatory quarantine	—	18.000	—	—	—
Double Up Bunk Beds in Correctional Facilities	—	8.000	—	—	—
Environmental Markets and Investment	—	35.350	2.200	0.690	0.690
Former Queensland Agricultural Training Colleges' Asset Transition	—	4.650	1.000	0.200	—
Gold Coast Light Rail (Stage 3)	—	—	—	—	50.000
Government Science Platform	—	2.138	2.799	2.790	—
Housing for Queensland's Frontline Workers	—	7.500	—	—	—
Managing and Maintaining Abandoned Mines Sites	—	1.030	—	—	—
Mater Public Hospital Springfield[1]	—	—	—	—	—
Olympics Preparations	—	0.550	—	—	—
Parliamentary Annexe Critical Infrastructure and Services Upgrade (Stage 2)	—	—	39.929	—	—
Queensland Building and Fairness Reforms	—	0.383	0.391	—	—
Queensland Government Air	—	2.822	—	—	—
Queensland Health Base Capital Program	—	60.000	60.000	—	—
Queensland Reef Water Quality Program	—	—	0.406	0.902	0.104

1 Project is subject to commercial negotiations.

Capital measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
Queensland Renewable Energy and Hydrogen Jobs Fund	—	100.000	200.000	100.000	100.000
Queensland's Waste Management and Resource Recovery Strategy	—	1.500	0.100	4.900	—
Remediating Queensland Cultural Centre Cladding	—	3.250	—	—	—
Renewing Queensland Cultural Centre Critical Infrastructure	—	7.650	9.680	5.700	7.250
Revitalising National Parks	—	5.200	—	—	—
School Infrastructure	—	176.288	135.550	40.000	40.000
Thomas Dixon Centre Redevelopment	18.185	1.595	—	—	—
Toowoomba Day Surgery Theatre at the Baillie Henderson Hospital	—	5.900	6.000	23.000	7.100
Youth Detention Centre Capacity – Short Term Remand Centre	0.500	4.500	—	—	—
Youth Justice Investment	7.450	0.520	—	—	—
Total Capital Measures	**25.671**	**542.251**	**786.889**	**415.519**	**333.557**

Table 7.3 Revenue Measures

Revenue measures	2020–21 $ million	2021–22 $ million	2022–23 $ million	2023–24 $ million	2024–25 $ million
12-month extension of the 50% Apprentice and Trainee Payroll Tax Rebate	—	(31.200)	—	—	—
Total Revenue Measures	**—**	**(31.200)**	**—**	**—**	**—**

8 Intergovernmental financial relations

Features

- The Australian Government collects 70.9 per cent of all government revenue, a large proportion of which is transferred to states and territories (states), which are primarily responsible for service delivery and infrastructure provision.
- Federal financial relations are critical to Queensland's ongoing recovery. Given the Australian Government's greater revenue-raising capacity, it is well-positioned to undertake and fund broad economic stimulus and income support measures where necessary to support businesses, communities and households.
- It is also critical that the Australian Government invests in productivity-enhancing and critical social infrastructure needed to support the Queensland Government's efforts to drive ongoing productivity and economic growth, and deliver essential services to Queensland's growing population.
- However, the Australian Government's planned large tax cuts for high-income earners, at a time when it is already experiencing structural deficit, is likely to erode its fiscal capacity and may lead to it reducing support for Queensland infrastructure and services.
- The Australian Government and state and territory governments continue to implement the new National Cabinet governance model, developed in the context of the COVID-19 crisis, and develop new funding and service delivery arrangements to meet the future demand for essential services.
- Australian Government payments represent approximately 49 per cent of all of Queensland's General Government revenue.
- It is estimated the Australian Government will provide the Queensland Government with $30.966 billion[1] in 2021–22 ($639 million more than in 2020–21), comprising:
  - $15.350 billion[2] in payments for specific purposes ($167 million less than 2020–21)
  - $15.616 billion in payments for general purposes ($807 million more than 2020–21).
- Payments for specific purposes in 2021–22 comprise:
  - $5.814 billion for National Health Reform funding
  - $5.630 billion for Quality Schools funding[3]
  - $3.253 billion for National Partnership payments (Infrastructure Investment Program, Disaster Recovery Funding Arrangements and COVID-19 response payments)
  - $334 million for National Housing and Homelessness funding

1 Queensland Treasury estimate. Differs from estimate in Chapter 4, which also includes direct Australian Government payments to Queensland agencies for Australian Government own purpose expenditure.
2 Total payments for specific purposes may not add due to rounding.
3 Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).

    - $320 million for National Specific Purpose Payments (National Skills and Workforce Development).
- Payments to Queensland for specific purposes will be lower in 2021–22 primarily due to:
    - additional back payment from the DisabilityCare Australia Fund in 2020–21
    - payments for roads infrastructure in 2020–21, including funding for the National Land Transport Network, stimulus packages and other accelerated payments
    - one-year funding in 2020–21 for the JobTrainer Fund
    - additional funding provided in 2020–21 only for remote Indigenous housing.
- Payments for general purposes relate to GST revenue. In 2021–22, Queensland expects to receive $15.616 billion of GST revenue (including $24 million in Horizontal Fiscal Equalisation (HFE) transition payments). This is $807 million (5.4 per cent) more than in 2020–21. This is primarily due to an increase in the national GST pool, reflecting economic recovery from the COVID-19 crisis, and the Commonwealth Grants Commission recommending Queensland receive a larger share of GST.
- Queensland has 14 funding agreements expiring in 2020–21. While national funding was allocated in the 2021–22 Federal Budget to continue support in most of these areas, 2 of these agreements had no funding allocated beyond 2020–21. In relation to the remaining 12 policy areas, state funding allocations are yet to be determined and/or funding is to be provided under yet to be negotiated funding agreements.
- Of note, funding for public dental services for adults has been extended for another year to 2021–22, while the National Partnership Agreement on Universal Access to Early Childhood Education will initially be replaced by a new 4-year funding agreement covering the 2022 to 2025 preschool years.
- The Queensland Government provides considerable assistance to local governments, recognising the important services they provide to the community. In particular, a number of state grant programs are provided specifically to Indigenous councils, recognising the higher cost of providing services in remote locations.
- In 2021–22, the Queensland Government will provide a total of $1.447 billion in grants to local governments.

8.1 Federal financial arrangements

National governance

In May 2020, the Australian Government and state and territory governments agreed to new national governance arrangements.

First Ministers agreed to cease the Council of Australian Governments and permanently establish National Cabinet. National Cabinet meets regularly and is the intergovernmental forum for all First Ministers. National Cabinet is supported by National Cabinet Reform Committees covering priority areas of Health, Skills, Energy, Infrastructure and Transport, and Rural and Regional Development. Similarly, Treasurers meet as the Council on Federal Financial Relations.

The National Federation Reform Council (NFRC) was additionally established to address new areas of reform. The NFRC meets annually and is comprised of First Ministers, Treasurers and the Australian Local Government Association.

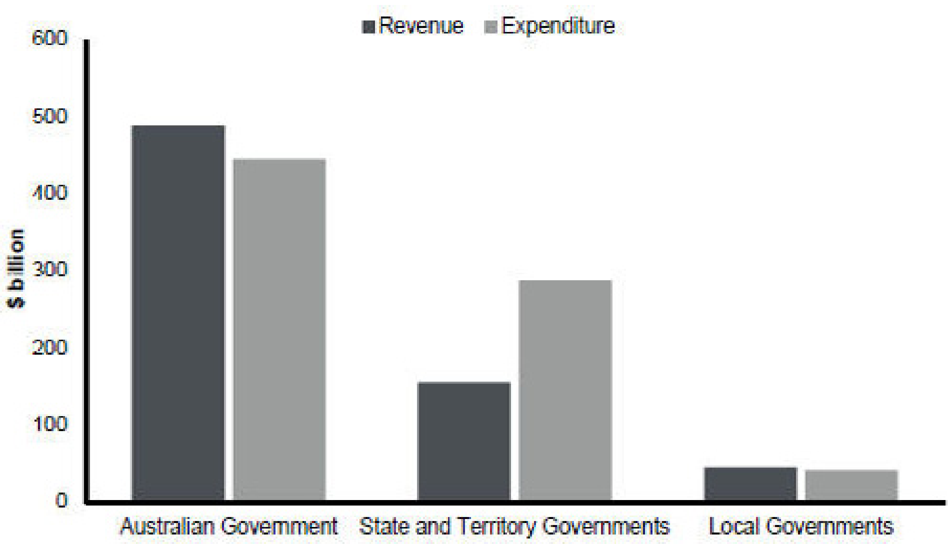
Vertical fiscal imbalance

Federal financial relations in Australia are characterised by different levels of government sharing responsibility for raising revenue and delivering services to communities.

The Australian Government has greater capacity to raise revenue than is required to meet its service delivery responsibilities. Conversely, states' ability to raise revenue is less than required to meet their service delivery and infrastructure responsibilities. This is called vertical fiscal imbalance (VFI) and requires the sharing of revenue between the Australian Government and states.

In 2019–20, the Australian Government collected the majority of government revenue (70.9 per cent), while states collected 22.7 per cent and local governments the remaining 6.4 per cent[1]. Chart 8.1 illustrates the revenue and expense disparity between the different levels of government.

Chart 8.1 Own-source revenue and expenses by levels of government, 2019–20[1,2]



Notes:

1. Revenue calculated as total revenue minus grant revenue.
2. Expenses calculated as total expenses minus grant expenses.

Source: ABS Government Finance Statistics.

1 ABS Government Finance Statistics.

In Australia, VFI is addressed through a system of intergovernmental payments from the Australian Government to the states to address this imbalance between revenue raised and service delivery and infrastructure responsibilities. The Australian Government makes 2 types of payments in this regard:

- general revenue assistance payments (largely 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), which are a contribution toward states' service delivery priorities, and National Partnership (NP) payments, which represent funding to support the delivery of specific outputs or projects and to facilitate or incentivise reforms.

Given the Australian Government's significant revenue raising capability, states are heavily reliant on these intergovernmental transfers in order to provide essential services and infrastructure to their communities.

Horizontal fiscal imbalance and horizontal fiscal equalisation

Another feature of federal financial relations is horizontal fiscal imbalance (HFI), which arises from disparities between the states' capacity to raise revenue and deliver services.

Some states can raise higher revenue and/or deliver services at a lower cost compared to other states, therefore providing the capacity to offer higher levels of services. Over time, absent of any equalisation, this would distort capital and labour mobility towards states providing a higher level of services.

To address HFI, GST revenue collected by the Australian Government is distributed to states with the objective of ensuring all Australians can expect to receive a comparable level of services and infrastructure, regardless of the state they reside in. This is known as horizontal fiscal equalisation (HFE). The Commonwealth Grants Commission (CGC) uses the principle of HFE in recommending to the Australian Government how GST revenue should be distributed to the states.

8.2 Australian Government funding to the states

In total across all states, the Australian Government estimates that it will provide funding of $148.982 billion in 2021–22, $6.531 billion (4.6 per cent) more than in 2020–21, comprising:

- $72.530 billion in payments as shares of general revenue assistance including GST revenue ($2.770 billion more than in 2020–21)
- $73.794 billion in payments for specific purposes ($3.072 billion more than in 2020–21) including:
  - $25.6 billion in National Health Reform funding, including $410.9 million in COVID-19 public health response funding
  - $24.439 billion in Quality Schools funding
  - $1.616 billion in National Housing and Homelessness funding

- $20.562 billion in National Partnership payments (e.g. Infrastructure Investment Program, HomeBuilder and DisabilityCare Australia Fund) including COVID-19 initiatives[1] such as:
    - $1.516 billion for HomeBuilder
    - $339.1 million for the JobTrainer Fund
    - $130 million for family, domestic and sexual violence responses.
- $1.578 billion in National Specific Purpose Payments (National Skills and Workforce Development).

- $2.658 billion in other payments to states, including:
    - $2.115 billion for GST top-up payments to Western Australia
    - $376.9 million for certain royalty payments to Western Australian
    - $41.7 million for municipal services to the Australian Capital Territory.

Australian Government payments for specific purposes may not fully fund all underlying programs. Some require states to provide matching contributions (e.g. JobTrainer Fund) or other, significant financial or in-kind contributions (e.g. Disaster Risk Reduction). This reduces budget flexibility for states, particularly where it is not a Queensland Government priority, or the Australian Government dictates specific conditions related to the funding.

1 Queensland contributes to COVID-19 initiatives, including the COVID-19 public health response and the JobTrainer Fund.

Box 8.1 Eroding Australian Government fiscal capacity – a material risk to Queensland

In the 2021–22 Federal Budget, the Australian Government forecast that its net debt will grow to $980.6 billion by 2024–25.

A key contributor is that the Australian Government forecasts underlying cash deficits totalling $342.4 billion from 2020–21 to 2024–25, with expectations that the Federal Budget will still be in deficit by $57 billion (9.0 per cent of Australian Government estimated expenditure) in 2024–25. Despite these ongoing deficits, the Australian Government plans to pursue Stage 3 income tax cuts in 2024–25.

This presents a material long-term risk to all states. As a function of federal financial relations, the Australian Government has greater revenue raising capacity than states and territories. It collects approximately 70.9 per cent of tax revenue in Australia. A proportion of this revenue then flows to states in the form of Australian Government payments (general revenue assistance and payments for specific purposes).

Queensland will receive approximately $31 billion in Australian Government payments in 2021–22 (about 50 per cent of the state's total revenue).

In addition to pursuing income tax cuts, it is likely that the Australian Government will seek to reduce its payments to states, thereby requiring states to increase their level of funding or reduce services.

This would not be the first time an Australian Government has sought to reduce its expenses in this manner. In the 2014–15 Federal Budget, the Australian Government foreshadowed reducing its contributions to state-run public hospitals and schools by more than $80 billion in the period to 2024–25. This was met with significant resistance from states and eventually reversed.

Alternatively, it may look to apply generic cost benchmarks, ignoring a state's actual costs of service delivery, as has been evident in recent negotiations of funding agreements. This represents an effective cut in payments without a headline arbitrary cut.

The Queensland Government will continue to advocate that the Australian Government provide an appropriate level of funding to support the state's delivery of essential infrastructure and services to all Queenslanders across the state.

8.3 Australian Government funding to Queensland

It is estimated the Australian Government will provide the Queensland Government with $30.966 billion in 2021–22 ($639 million more than in 2020–21).

Australian Government funding is estimated to account for 49 per cent of Queensland's total General Government Sector revenue sources in 2021–22 (shown in Chart 8.2). The proportion of Queensland's revenue derived from Australian Government funding has grown significantly from 35 per cent[1] at the time of the introduction of the GST in 2000.

Chart 8.2 General Government Sector revenue sources, Queensland 2021–22[1,2,3]

Notes:

1. Queensland own-source revenue figure includes direct Australian Government payments to Queensland departments for Australian Government own-purpose expenditure (e.g. financial assistance grants to local government and funding to HHS's).
2. Queensland Treasury estimates. Differs from Chapter 4 due to the inclusion of direct Australian Government payments to Queensland agencies for Australian Government own purpose expenditure.
3. Queensland own-source revenue includes taxation revenue, sales of goods and services and royalties and land rents.

Sources: 2021–22 Federal Budget Paper No. 3 and Queensland Treasury estimates.

[1] Per cent of Queensland's revenue derived from Australian Government Funding in 1999–00.

Box 8.2 Queensland's ongoing need for a fair share of Australian Government funding

Queensland has a large, diverse and geographically dispersed population that presents unique service delivery challenges.

Historically, the Australian Government has recognised these challenges by providing Queensland with a greater share of Australian Government payments for specific purposes.

While the value of payments to Queensland is estimated to increase, Queensland's share of national funding is set to decrease. The 2021–22 Federal Budget announced that the Australian Government intends to decrease Queensland's share of these payments over the next 2 years. In 2020–21, Queensland received 23.11 per cent of Australian Government payments, but this decreases to 21.55 per cent and 21.78 per cent in 2021–22 and 2022–23, respectively.

This occurs at a time when Queensland is experiencing faster population growth than any other state, with the Queensland Government needing to fund the necessary infrastructure and essential services to meet the demands of this growing population, the vast majority of whom are coming to Queensland from other states and territories.

Instead of supporting this growth in Queensland, the Australian Government has indicated it will increase investment elsewhere. For example, it will boost infrastructure payments to New South Wales and Victoria by at least $3 billion each, while directing only an additional $1.6 billion to Queensland.

This comes on the back of other decisions made by the Australian Government in recent years that have impacted on other major payments to Queensland, including GST revenue.

The Commonwealth Grants Commission independently calculates states' shares of GST revenue based on their relative revenue raising capacity and service delivery needs. As such, states with greater revenue raising capacity (e.g. Western Australia with mining royalties or New South Wales with transfer duty) require lesser shares of GST revenue and states with greater service delivery needs (e.g. Queensland) require greater shares of GST revenue.

However, in recent years, the Australian Treasurer has intervened in this process by directing the Commission to quarantine a range of Australian Government payments from their calculations. This artificially reduces some states' revenue raising capacities and guarantees them more GST, to Queensland's detriment.

In the last 6 years, the Australian Treasury has quarantined 24 Australian Government payments, but only one of those payments has been for a Queensland-specific program, remote housing.

The Queensland Government continues to strongly advocate for the Australian Government to ensure that Queensland receives its fair share of Australian Government payments, and for equitable consideration of Queensland's funding needs when determining the treatment of Australian Government payments in the context of GST.

8.4 GST revenue

In 2021–22, Queensland expects to receive $15.616 billion of GST revenue (including $24 million in HFE transition payments), an increase of $807 million (5.4 per cent) over 2020–21. This increase in GST revenue is primarily due to:

- the Australian Government forecasting a substantial increase in the national GST pool in 2021–22 compared with 2020–21, reflecting the ongoing economic recovery from COVID-19
- the Commonwealth Grants Commission (CGC) recommending to the Australian Government that Queensland should receive a larger share of GST.

Average annual growth in GST revenue of around 5 per cent is forecast across the 4 years ending 2024–25.

Revisions to the GST pool

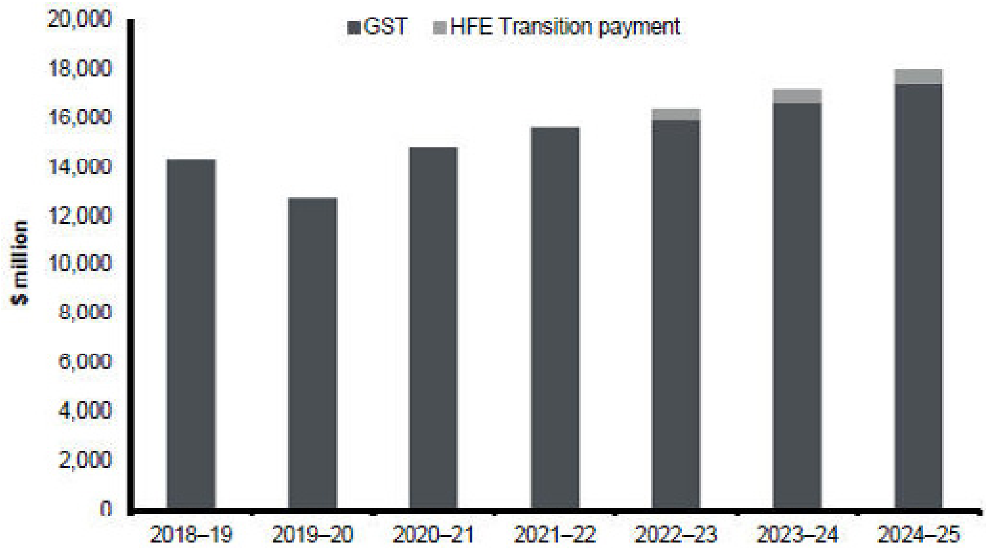
GST revenue is expected to grow across the forward estimates as the economy continues to recover from the impacts of the COVID-19 pandemic. Since the 2020–21 Federal Budget, the GST pool estimate is, in aggregate, around $26 billion higher over the years from 2020–21 to 2023–24.

In the 2021–22 Federal Budget, the Australian Government estimated the GST pool to total $72.53 billion in 2021–22, 4 per cent higher than 2020–21 and 9.7 per cent higher than forecast at the time of the 2020–21 Federal Budget.

Following growth of 4 per cent in 2021–22, the Australian Government forecast average annual growth of around 5 per cent in the GST pool over the 3 years to 2024–25.

Chart 4.9 compares GST revenue pool forecasts published in the 2020–21 Federal Budget and 2021–22 Federal Budget (including Final Budget Outcome for 2020–21), including the impacts of the Australian Government’s payments for horizontal fiscal equalisation transition.

Chart 8.3 Estimated GST and HFE transition payments to Queensland, 2018–19 to 2024–25



Source: 2021–22 Federal Budget Paper No. 3 and past federal budget papers

GST – Queensland's assessed fiscal capacity

In early-2021, the Australian Government accepted the CGC's recommendation that Queensland requires a larger share of GST revenue in 2021–22 compared to 2020–21. The CGC's recommendation were driven by a range of factors, including the following:

- below-average growth in the value of property sales and higher growth in national land tax revenue also increased Queensland's assessed needs
- an increase in mining royalties for Western Australia led to a reduction in Queensland's relative capacity to generate mining revenue
- these changes were partly offset by revisions to state natural disaster relief expenses and above average growth in Australian Government payments.

States' shares of GST revenue fluctuate based on the CGC's assessment of their fiscal capacity and expenditure needs. The key drivers of changes to Queensland and all states' shares of GST mainly include the impacts of changes in royalties from iron ore in Western Australia and transfer duty in New South Wales.

Box 8.3 Australian Government changes to state shares of GST

In 2018, the Productivity Commission (PC) released a report on its Inquiry into Horizontal Fiscal Equalisation (HFE), the basis for determining states' shares of GST revenue. The purpose of the Inquiry was to investigate how GST distribution influences productivity, efficiency and economic growth.

One of the key drivers of the Inquiry was the Western Australian Government's claim that it carried a disproportionate burden in funding the federation because of its enhanced ability to raise mining royalties.

The Australian Government subsequently legislated changes to HFE in 2018 with the aim of improving the resilience of the HFE system against economic shocks and to reduce volatility.

Among the changes, states will no longer receive GST revenue to equalise them to the same standard as the fiscally strongest state. Instead states will be equalised to a 'similar standard'. Effectively, this will see states being equalised to the second strongest state.

Most states, including Queensland, did not support the changes when they were announced. Queensland maintains that the purpose of HFE is to ensure that all states have equal opportunity to provide a high-level of service to Australians no matter where they live. As such, if a state's capacity to raise own-source revenue increases, it should not need as much GST revenue to achieve this aim.

However, under the Australian Government's changes, the fiscally strongest state will now retain a greater share of GST revenue at the expense of all other states.

The Australian Government's changes are being implemented between 2019–20 and 2026–27. Changes only impacted Western Australia and the Northern Territory in the first 2 years, with all states impacted for the first time in 2021–22.

During the implementation and transition period (until end of 2026–27), states are protected from the adverse impacts of the changes by a 'no worse off' guarantee. Under the guarantee, the Australian Government will ensure that all states receive at least as much GST revenue as they would have under the previous system.

Queensland, like several other states, is concerned that these changes will ultimately lead to a fundamental reshaping of states' fiscal capacities.

Under the Australian Government's changes, Western Australia will benefit from heightened mining royalties without losing GST revenue. This will allow it to deliver more services, accrue less debt and implement lower taxes.

The Australian Government's payments under the 'no worse off' guarantee are estimated to total $7.6 billion over the forward estimates. When the guarantee expires at the end of 2026–27, this cost will be borne by states unless the Australian Government responds appropriately.

In attempting to fix a perceived problem, the Australian Government's unilateral changes could result in a substantial distortion of HFE and create a funding issue that states will need to grapple with in the future.

The Queensland Government, along with other states, will continue to engage with the Australian Government in advance of 2026–27 to provide greater certainty and fairness in relation to future GST payments in order to inform future state budgets.

8.5 Payments to Queensland for specific purposes

In 2021–22, Queensland expects to receive $15.350 billion in payments for specific purposes, $167 million (1.1 per cent) less than in 2020–21.

Table 8.1 Estimated payments to Queensland for specific purposes[1]

	2019–20 Actual $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million
Skills and Workforce Development National Specific Purpose Payment	309	315	320
National Health Reform funding[2]	5,392	5,473	5,814
Quality Schools funding[3]	5,017	5,155	5,630
National Housing and Homelessness funding	321	328	334
National Partnership payments (incl. DRFA)	2,612	4,247	3,253
Total payments for specific purposes	**13,651**	**15,518**	**15,350**

Notes:

1. Numbers may not add due to rounding.
2. Includes funding for the COVID-19 public health response of $345.3 million in 2019–20, $229.7 million in 2020–21 and $83.2 million in 2021–22.
3. Quality Schools funding includes payments for government schools (exclusive of GST) and non-government schools (inclusive of GST).

Sources: 2021–22 Federal Budget Paper No. 3, 2020–21 Queensland Budget Paper No. 2 and Queensland Treasury estimates.

Payments for specific purposes comprise funding for National Health Reform, Quality Schools, National Housing and Homelessness, the Skills and Workforce Development National Specific Purpose Payment (SPP) and National Partnership (NP) payments.

In 2021–22, National Health Reform funding, which accounts for 37.9 per cent of the total payments for specific purposes, is estimated to increase by $341 million (6.2 per cent) from 2020–21 in line with expected growth in hospital activity.

National Health Reform funding from 2019–20 to 2021–22 includes funding for the COVID-19 public health response ($345.3 million in 2019–20, $229.7 million in 2020–21 and $83.2 million in 2021–22). The COVID-19 public health response funding in 2019–20 included contracted payments made to private hospitals, which were covered 100 per cent by the Australian Government.

Queensland projections of National Health Reform funding differ from the projections contained in the 2021–22 Federal Budget, as Australian Government projections assume higher activity growth than projected in service agreements between the Queensland Department of Health and Hospital and Health Services. Actual National Health Reform payments vary from estimates provided in budget papers as they are based on actual public hospital activity delivered each year.

Quality Schools funding, which accounts for 36.7 per cent of the total payments for specific purposes, is estimated to increase by $475 million (9.2 per cent) to $5.630 billion in 2021–22.

National Housing and Homelessness funding is estimated to increase by $6 million (1.8 per cent) in 2021–22 due to additional funding allocated by the Australian Government in the 2021–22 Federal Budget to support social and community service workers in the housing and homelessness sectors. This funding is subject to further negotiation with the Australian Government.

The Skills and Workforce Development SPP is expected to increase by $5 million (1.6 per cent) in 2021–22 compared to 2020–21. The Australian Government and state and territory governments are currently working towards finalising a new National Skills Agreement to replace the National Agreement for Skills and Workforce Development.

NP payments (including Disaster Recovery Funding Arrangements (DRFA)), which account for 21.2 per cent of the total payments for specific purposes, are estimated to decrease by

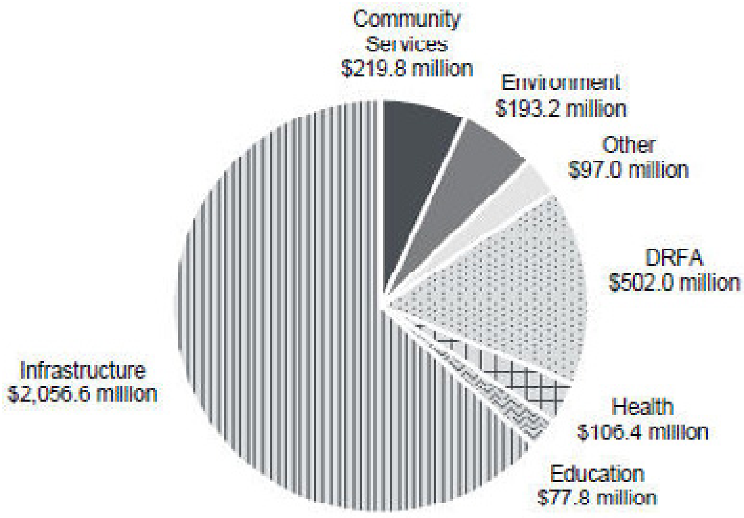
$994 million (23.4 per cent) in 2021–22 compared to 2020–21. A significant proportion of NP payments is allocated to infrastructure, DRFA and community services (refer to Chart 8.4).

The reduction in payments for specific purposes between 2020–21 and 2021–22 is mainly due to:

- an additional back payment in 2020–21 from the DisabilityCare Australia Fund for reimbursement of state expenditure on the National Disability Insurance Scheme in previous years
- significant Australian Government funding payments for roads infrastructure in 2020–21, including $400 million for the National Land Transport Network as part of the Inland Rail agreement, stimulus packages and other Australian Government payments accelerated in 2020–21
- one-year funding for the JobTrainer Fund in 2020–21. In the 2021–22 Federal Budget, the Australian Government announced an extension to the JobTrainer Fund over 2 years, with matched contributions expected from states and territories[1]
- additional funding in 2020–21 to Queensland to assist with costs associated with the provision of remote housing.

1 Funding not included in 2021-22, as subject to negotiation of agreement

Chart 8.4 National Partnership Payments by sector, 2021–22[1]



Note:

1. Excludes Australian Government funding to local government and payments direct to Queensland Government departments for Australian Government own-purpose expenditure.

Sources: 2021–22 Federal Budget Paper No. 3 and Queensland Treasury estimates.

8.5.1 Projections of payments for specific purposes to Queensland

Across the forward estimates, total payments for specific purposes are expected to steadily increase, with average growth of approximately 3.7 per cent between 2021–22 and 2024–25.

While increases in overall funding are welcome, having those payments tied to specific purposes and Australian Government criteria does impact states' capacity to respond to local needs, reduces states' budget flexibility, adds administrative costs, and impacts on the achievement of state policy outcomes and priorities. This negative impact is amplified when funding is conditional on states' matching Australian Government funding, unrealistic timeframes, national price benchmarks and competing priorities.

Under the Addendum to the National Health Reform Agreement, the Australian Government will fund 45 per cent of efficient growth in hospital activity subject to a national growth cap of 6.5 per cent per annum. National Health Reform funding for Queensland is expected to increase broadly in-line with the conditions set by the Australian Government.

Growth in Quality Schools funding for Queensland is expected to average 4.5 per cent between 2021–22 and 2024–25 as a result of enrolment growth and increased funding per student. Queensland is expecting to receive $9.321 billion for state schools and $14.894 billion (including GST) for non-government schools from 2021–22 to 2024–25.

Subject to further negotiations with the Australian Government, funding under the National Housing and Homelessness Agreement is expected to increase in 2021–22 and 2022–23 due to additional funding to support social and community service workers in the housing and homelessness sectors.

8.5.2 Expiring agreements

Under the Intergovernmental Agreement on Federal Financial Relations, the Australian Government provides time-limited funding to states and territories through NP payments to support the delivery of specific projects, facilitate reforms or reward states that deliver on reforms or achieve service delivery improvements.

However, over time, some NPs have been extended beyond their intended time-limited purpose. NPs were never intended, and are not considered the optimal way, to fund ongoing community service needs.

Conversely, when NP agreements expire, states have been left with limited opportunities to deal with the expiring NP as the final decision on continued funding is made through the Australian Government's budget process. The expiry of many large NPs over the last few years, such as the National Partnership on Remote Housing, which has required Queensland to invest approximately $100 million a year, has highlighted this risk.

Unilateral termination by the Australian Government of funding for essential programs, with little or no notice, impacts on states' ability to plan, budget and continue delivering essential services to communities. Early indication as to the continuation, lapse or other treatment of funding for an expiring agreement is necessary to enable states to effectively manage their service delivery responsibilities.

There are 14 agreements[1] expected to expire in 2020–21:

- Essential vaccines
- Improving trachoma control services for Indigenous Australians
- Encouraging more clinical trials in Australia
- Expansion of the BreastScreen Australia program
- Rheumatic fever strategy
- Public dental services for adults
- National Infection Control Training Fund
- North Queensland strata title inspection scheme
- COVID-19 domestic and family violence responses
- On-farm emergency water infrastructure rebate
- National varroa mite eradication program
- Implementing water reform in the Murray-Darling Basin
- Small business regulatory reform
- Remote self-isolation facilities.

1 Includes any expiring schedules to Federation Funding Agreements.

Of these expiring agreements, the National Infection Control Training Fund and Remote self-isolation facilities have no funding allocated beyond 2020–21 in the 2021–22 Federal Budget.

National funding was allocated in the 2021–22 Federal Budget to continue support in the remaining 12 policy areas, however state funding allocations are yet to be determined and/or funding is to be provided under yet to be negotiated funding agreements.

The 2021–22 Federal Budget provides for a one-year extension for Public Dental Services for Adults to 2021–22. Queensland is expecting $21.7 million under the extension. While this funding is welcomed, short-term extensions create significant uncertainty for the sector and for Queenslanders who use these services. Queensland continues to advocate for a long-term funding arrangement from the Australian Government for this agreement.

The 2021–22 Federal Budget also committed funding over the forward estimates for Essential Vaccines ($18.7 million from 2020–21 to 2024–25), indicating broad support for the program's continuation.

A further 17 agreements are expected to expire in 2021–22. Of note, the current National Partnership Agreement on Universal Access to Early Childhood Education only covers service delivery to 31 December 2021.

The 2021–22 Federal Budget also announced $1.6 billion nationally over 4 years from 2021–22 and then $589 million per year (indexed) to provide an ongoing Australian Government funding contribution to preschool. Funding for the 2022 to 2025 preschool years will be delivered through a new 4-year funding agreement to be negotiated with states and territories.

8.6 State-local government financial relations

The Queensland Government allocates considerable funding in the Queensland Budget to support local governments across the state. The Queensland Government acknowledges the shared responsibilities in serving the people of Queensland and the critical role local governments play in supporting their local communities.

In 2021–22, the Queensland Government will provide a total of $1.447 billion in grants to local governments.

This includes current, capital and asset grants to local government authorities and Indigenous councils, as well as Australian Government grants paid through the state to local governments.

Grants to local governments are delivered through numerous Queensland Government departments and agencies for a variety of purposes, including through the programs discussed below.

Significant stimulus delivered in response to the COVID-19 pandemic included the COVID Works for Queensland program and the Unite and Recover Community Stimulus Package. These initiatives have assisted Queenslanders in the ongoing economic recovery.

As part of the 2021–22 Queensland Budget, the Works for Queensland program received an additional $200 million and the SEQ Community Stimulus Program received an additional $150 million in funding, to enable investment in new infrastructure and community assets that create jobs in local communities.

A summary of grant programs that are exclusively available to local governments are listed in Table 8.2.

Table 8.2 Grant programs exclusively available to local governments

Program name	Description	Total funding (from 2015–16 to 2024–25)
Works for Queensland	Supports local governments in regional areas to undertake job creating maintenance and minor infrastructure works.	$900 million[1]
COVID Works for Queensland	Supports all local governments to respond to and recover from the COVID-19 pandemic to deliver job creating new infrastructure, maintenance or minor works projects.	$200 million
South East Queensland (SEQ) Community Stimulus Program	Supports South East Queensland local governments to fast-track investment in new infrastructure and community assets that create jobs and deliver economic stimulus to local communities.	$150 million[2]
Unite and Recover Community Stimulus Package	Supports SEQ local governments to recover from the COVID-19 pandemic by fast-tracking investment in new infrastructure and community assets that create jobs and deliver economic stimulus to local communities.	$50 million
Transport Infrastructure Development Scheme	Provides targeted investment in regional local government transport infrastructure. Provides	$700 million
Building our Regions	funding for critical infrastructure in regional areas to support economic development, including generating jobs.	$418.3 million[3]
Local Government Grants and Subsidies Program	Provides funding for priority infrastructure projects that will enhance sustainable and liveable communities.	$286.5 million[4]
Coastal Hazard Adaptation Program – QCoast2100	Assists coastal local governments to prepare plans and strategies for addressing the impact of climate change.	$15 million
Queensland Water Regional Alliances Program	Assists regional councils to collaborate and improve the efficiency and administration of water infrastructure.	$6 million

In addition to the above grant programs, the Queensland Government has signed the National Partnership Agreement on Disaster Risk Reduction, which is a 5-year partnership between the Australian Government and the states to support disaster mitigation projects and build resilience to natural disasters. This fund is administered by the Queensland Reconstruction Authority (QRA) and replaces the Queensland Disaster Resilience Fund.

1 Total funding of $1 billion for Works for Queensland referenced in other sections of this budget paper relate to a longer time period.
2 Total funding of $200 million for SEQ Community Stimulus Program referenced in other sections of this budget paper relate to a longer time period.
3 Figure includes $70 million in new funding for Building our Regions Round 6.
4 Funding is ongoing. Figure is based on current projections.

The QRA also administers the Disaster Recovery Funding Arrangements which is a joint funding initiative of the Queensland and Australian Governments to provide disaster relief and recovery payments to help communities recover following the effects of natural disasters. Under these arrangements the government administers significant funding (over $700 million) to provide disaster relief and assist with reconstruction of local government infrastructure damaged during natural disasters. The amount of funding administered is dependent on the final number and value of claims submitted.

The Queensland Government also understands there are added challenges faced by Indigenous councils, which are often located in very remote areas of the state, to ensure their communities have access to essential services and critical infrastructure. To address these challenges, the government has allocated substantial funding to specifically support Indigenous councils and their communities.

A summary of grant programs available to Indigenous councils and their communities are listed in Table 8.3.

Table 8.3 Grant programs to support Indigenous councils and their communities

Program name	Description	Total funding (from 2015–16 to 2024–25)
Indigenous Councils Critical Infrastructure Program	Contributes to the cost of water, wastewater and solid waste infrastructure in Indigenous communities.	$120 million
Major Infrastructure Program	Deliver environmental health and other infrastructure upgrades within the Torres Strait Island Regional Council, Torres Shire Council and Northern Peninsula	$15 million
State Government Financial Aid	Area Regional Council areas. A financial contribution (in lieu of rates) to meet the costs incurred by Indigenous councils in the provision of local government services.	$354.4 million[1]
Indigenous Local Government Sustainability Program (2016–18)	Assisted Indigenous councils to increase their capacity, capability and sustainability.	$8.2 million

1 Funding is ongoing. Figure is based on current projections.

9 Public Non-Financial Corporations Sector

Features

- Entities in the Public Non-financial Corporations (PNFC) Sector provide essential services such as electricity supply and distribution, bulk water supply, rail services and port services. The Queensland Government has a strong commitment to keeping these assets in public ownership, and expects these businesses to operate commercially and efficiently and to work towards continually improving services to Queenslanders.
- The government is supporting over $3.7 billion of infrastructure investment through the PNFC Sector in 2021–22. This includes over $2.24 billion on electricity infrastructure, $900 million on rail infrastructure, $320 million on water infrastructure and $240 million on port infrastructure.
- In 2020–21, the PNFC Sector is forecast to generate $419 million of dividends, although forecasts highlight declines in electricity sector revenues due to regulatory determinations and market dynamics. The reductions in network and wholesale prices are leading to lower electricity prices for Queenslanders. In addition, because the government owns these assets, dividends generated by government-owned corporations (GOCs) form part of consolidated revenue used to fund a range of government services.
- The government is delivering significant energy policy initiatives including the $2 billion Queensland Renewable Energy and Hydrogen Jobs Fund to enable energy GOCs to increase investment in commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector. This represents a $1.5 billion increase to the existing $500 million Renewable Energy Fund.
- The government has committed $145 million to establish 3 Queensland Renewable Energy Zones (REZs) across Queensland. For the Northern Queensland REZ, the government is investing $40 million to upgrade transmission lines south of Cairns, enabling Neoen's $370 million Kaban Green Power Hub to proceed and supporting 250 construction jobs.
- The government is delivering lower electricity prices for Queensland households and businesses. Over the period from 2017–18 to 2021–22, electricity bills for the typical regional Queensland household have fallen by over 17 per cent. In June 2021, the Queensland Competition Authority released its *Final Determination for regulated regional electricity prices in 2021–22,* with an average household expected to receive a 7.3 per cent reduction in their electricity bill in 2021–22, and average small and large businesses both expected to receive reductions of up to 3.7 per cent.
- Queensland Rail continues to work with external partners to progress significant new rail infrastructure including the Cross River Rail project, European Train Control Systems, new stations, and train stabling and station accessibility upgrades.

- Major port projects continuing in 2021–22 include the $232 million Townsville Channel Capacity Upgrade which will widen the existing sea channels and improve freight export and import opportunities for North Queensland. Planning is also underway for significant infrastructure upgrades at the Ports North Cairns Marine Precinct to support the Cairns marine industry, diversify the local economy and take advantage of emerging defence-related opportunities.
- Construction of the Rookwood Weir and associated infrastructure like roads and bridges is significantly progressed, jointly funded by the Queensland Government and Australian Government, and on track for completion in 2023. This project will grow agricultural production along the Fitzroy River and will ultimately enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast centres.

9.1 Context

Entities comprising the Public Non-financial Corporations (PNFC) Sector provide vital services such as electricity supply and distribution, water supply, and rail and port services.

Queensland government-owned corporations (GOCs), declared by regulation to be GOCs under the *Government Owned Corporations Act 1993* (GOC Act), comprise a large share of the PNFC Sector. The sector also comprises commercialised statutory entities, including Queensland Rail, Queensland Bulk Water Supply Authority (trading as Seqwater), local water boards and other public corporations (such as Stadiums Queensland).

GOCs are accountable for their financial performance and are required to be commercial and efficient organisations. These requirements are legislated under the GOC Act, and similar provisions are made in the enabling legislation of Queensland Rail and Seqwater. The entities incur costs and bear commercial risks in the delivery of their services or products, and generate a commercial rate of return from the sale of these services or products.

Returns from the PNFC Sector contribute to consolidated revenue and are used to pay for various government services. A portion of PNFC revenue may arise from community service obligation (CSO) payments from the government. Such payments are used to subsidise particular services so they can be offered to the community at prices lower than would otherwise be possible if full cost recovery and normal margins were applied.

A key example is the CSO paid to Energy Queensland Limited (EQL) to provide electricity in regional Queensland at prices based on the costs of supply in South East Queensland, in accordance with the government's Uniform Tariff Policy. This ensures that electricity prices in regional Queensland are much lower than would otherwise be the case.

The commercial nature of these entities ensures debt is self-supporting, and net worth continues to grow over the forward estimates. The Queensland Government's ongoing commitment to maintaining public ownership of the entities in the PNFC Sector guarantees all Queenslanders benefit from their performance.

Table 9.1 Key financial aggregates[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Revenue	13,589	12,607	12,418	12,237	11,958	11,750	11,967
Expenses	12,662	11,981	11,413	11,463	11,190	11,070	11,247
Net Operating Balance	**927**	**626**	**1,006**	**774**	**768**	**680**	**720**
PNFA[2]	3,156	3,460	3,491	3,713	3,654	3,297	3,327
Assets	70,840	70,887	70,012	71,678	72,904	74,092	75,194
Borrowing with QTC	38,894	39,967	40,225	40,655	40,782	40,978	41,369
Leases and other similar arrangements	492	468	448	405	372	338	302
Securities and derivatives	1,315	529	68	245	142	129	134

Notes:

1. Numbers may not add due to rounding.
2. PNFA: Purchases of non-financial assets.

9.1.1 Electricity networks

The government owns 2 electricity network businesses that are responsible for transmitting safe, reliable electricity to consumers across the state (Powerlink and Energy Queensland Limited).

Powerlink

Powerlink owns, develops, operates and maintains the electricity transmission network in Queensland. Its network spans approximately 1,700 km from north of Cairns to the New South Wales border, and comprises 15,338 km of transmission lines and 147 substations.

Powerlink's role in the electricity supply chain is to transmit high voltage electricity through its transmission grid to the distribution networks.

Powerlink also transmits electricity to high-usage industrial customers such as rail companies, mines and mineral processing facilities, and to New South Wales via the Queensland/New South Wales interconnector transmission line.

Energy Queensland Limited (EQL)

EQL owns and operates the low-voltage distribution network that transmits electricity from Powerlink's transmission network to households and businesses across Queensland. EQL includes a number of operating subsidiary businesses.

Ergon Energy Network and Ergon Energy Retail provide distribution network and customer retail services respectively in regional Queensland, while Energex provides distribution network services to customers within South East Queensland.

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 commercial and industrial customers, and to provide EQL with an enhanced ability to respond to emerging trends.

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 5-yearly basis, based on the businesses' proposals and its view of the reasonable benchmark efficient costs for a network business.

In January 2021, Powerlink submitted its revenue proposal to the AER for the 2022–27 period. The AER will publish draft and final decisions in October 2021 and April 2022, respectively.

Similarly, Energex and Ergon Energy Network, as electricity distribution providers, have their distribution charges for each 5-year period determined by the AER. The AER published its final decision in June 2020 for the 2020–25 regulatory control period, leading to significant electricity bill reductions for the average Queensland residential household and small business.

This AER revenue determination also led to a reduction in revenue and earnings for EQL relative to the previous AER regulatory period (2015–20), driven largely by a reduction in the allowable return on capital and a focus on reduced operating expenditure.

9.1.2 Electricity generation

Queensland is in a strong position to deliver reliable and affordable energy through significant baseload and renewable generation capacity.

Queensland continues to operate Australia's youngest and most efficient fleet of coal-fired generators and an increasing number of large-scale renewable projects. This includes assets owned by government-owned generators – CleanCo, CS Energy, and Stanwell.

In March 2020, CleanCo announced it will build, own and operate the 102.6 megawatt (MW) Karara Wind Farm. In addition, the generators have entered into new long-term power purchase agreements with several wind and solar farms. With these investments, government-owned generators now own or support over 2,000 MW of renewable energy generation across Queensland.

The GOCs will play a key role in helping to deliver the government's 50 per cent Queensland Renewable Energy Target by 2030.

CleanCo

CleanCo is the newest publicly owned energy generator in Queensland, owning and operating a portfolio of low and no emissions generation assets across Queensland. Following the transfer of a strategic low-emissions generation portfolio from Stanwell and CS Energy in late-2019, CleanCo has been an active participant in the National Electricity Market.

In addition to its foundation portfolio, in 2020, CleanCo committed to support a further 930 MW in renewable generation capacity. This will be achieved by 3 power purchase agreements in the Darling Downs and Far North Queensland and the 102.6 MW Karara Wind Farm in the Darling Downs, which the company will build, own and operate. As a result, CleanCo is well-progressed to meet its mandate to support 1,000 MW of new renewable energy generation capacity in Queensland by 2025 and deliver the government's Renewables 400 reverse auction – involving CleanCo supporting 400 MW of new clean energy capacity at MacIntyre Wind Farm.

CS Energy

CS Energy is a major supplier of electricity across Queensland, with a portfolio of around 3,500 MW of installed capacity under management, including the Callide B and Kogan Creek Power Stations, and the Callide C Power Station, which it operates and has a 50 per cent ownership interest in. CS Energy is also a party to the Gladstone Interconnection and Power Pooling Agreement, and trades output of the Gladstone Power Station that exceeds the electricity requirements of the Boyne Island aluminium smelter

Since 2020, CS Energy has entered multiple agreements to purchase electricity from renewable energy generators, including with Moura, Warwick, Hughenden, and Columboola solar farms. CS Energy also provides retail services to large commercial and industrial customers throughout Queensland and has a 50/50 joint venture with Alinta Energy to supply electricity to residential and small business customers in South East Queensland. In partnership with Japan's IHI Corporation, CS Energy will undertake a feasibility study into establishing a renewable hydrogen demonstration plant next to Kogan Creek Power Station near Chinchilla.

On 25 May 2021, a fire occurred at the Callide C Power Station. The cause of the incident is subject to an investigation.

Stanwell

Stanwell is a major supplier of electricity across Queensland, with a portfolio of around 3,300 MW of installed capacity from its 3 coal-fired power stations in Queensland. Stanwell also sells electricity directly to large commercial and industrial customers in Queensland, New South Wales, the Australian Capital Territory, and Victoria, and earns revenue from coking coal exported from Curragh Mine.

In 2020, Stanwell entered a long-term agreement to offtake 348 MW of renewable energy from the Clarke Creek Wind Farm. The wind farm is located around 150 km north-west of Rockhampton in Central Queensland, with construction commencing in 2021.

Notable ongoing feasibility investigations for Stanwell include: a hydrogen export facility in Gladstone as part of a consortium with Japan's Iwatani Corporation; and partnering with Vast Solar to undertake a feasibility study into a concentrated solar thermal power plant to be located at Mount Isa, providing a potential long-term solution to lower cost power supply in the region. Stanwell is also assessing market responses to its expression of interest calling for renewable energy project opportunities.

Box 9.1 Renewable energy

Affordable and reliable energy supply is crucial to Queensland’s economic prosperity. Queensland’s clean energy policies underpin affordable and reliable energy, while supporting increased investment, jobs and economic growth. This includes the 50 per cent Queensland Renewable Energy Target by 2030 which will reduce emissions, help address climate change, create jobs and diversify the state’s economy.

Since 2015, 44 large-scale renewable energy projects have become operational, financially committed, or are under construction in Queensland. This represents around $10 billion in investment and more than 7,000 construction jobs. Once all projects are operational, Queensland will have more than 9,100 MW of small-scale and large-scale renewable energy capacity.

At the end of 2020, Queensland reached a significant milestone, at which point renewables were supplying over 20 per cent of our electricity demand. This significant investment in renewables is testament to Queensland’s world-class renewable energy resources. It is critical that Queensland continues to leverage this competitive advantage to support further investment and economic growth across the state, and to underpin the transition to a sustainable energy future.

In recognition of the crucial role the GOCs will play in Queensland’s energy transformation, the government has established the $2 billion Queensland Renewable Energy and Hydrogen Jobs Fund for energy GOCs to increase investment in commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector. This will advance the State towards the renewable energy target, create jobs, and further establish Queensland as a leader in renewable energy and green-energy based economic development.

New GOC investment in renewables will complement the State’s existing portfolio of baseload generation assets, which will be critical to ensure security of electricity supply through Queensland’s energy transformation and support a growing manufacturing and resources sector.

The Queensland Government’s *Economic Recovery Plan* also included a commitment of $145 million to establish 3 Renewable Energy Zones across northern, central and southern Queensland. In these zones, the government will undertake strategic network investments, streamline the development of new renewable energy projects and work to match industrial energy demand with cheap, clean renewable energy.

9.1.3 Rail

Queensland Rail is an integrated, publicly owned rail operator, responsible for the delivery of passenger transport in South East Queensland, long distance passenger services in rural and regional Queensland and provision of third-party access to networks for freight transport across the state.

The majority of services are delivered under a Rail Transport Services Contract (TSC) with the government, represented by the Department of Transport and Main Roads. The Rail TSC provides funding for rail infrastructure, Citytrain (South East Queensland passenger services) and Traveltrain (regional passenger services).

In 2021–22, Queensland Rail will support the delivery of significant new rail infrastructure, including the Cross River Rail project by the Cross River Rail Delivery Authority and other transformational rail infrastructure projects to increase rail service delivery for the State's growing population. These investments will support local manufacturing supply chains, as well as creating and maintaining jobs in regional areas.

9.1.4 Ports

Queensland has a large network of ports that are owned and run by GOCs along its coastline. These businesses, Gladstone Ports Corporation (GPC), North Queensland Bulk Ports Corporation (NQBP), Port of Townsville Limited (POTL), and Far North Queensland Ports Corporation (trading as Ports North), own and operate a range of assets from small facilities serving local communities to large, world class multi-user and multi-cargo ports, which have public and privately owned import and export facilities.

Queensland's ports play an essential role in the state's supply chain networks and economy, and their efficient operation is key to economic growth, job creation and sustainable development across the state.

Government-owned ports in regional areas will remain committed to supporting local communities recovering from the impacts of COVID-19 with Ports North expected to provide approximately $10 million in ongoing fee and rent relief to Far North Queensland's tourism industry operators over the period from February 2020 to June 2022.

Government-owned ports will work with government on the 'Backing Queensland Maritime Jobs' initiative to create a new coastal shipping service, providing economic stimulus to regional Queensland and fostering growth and skills of a local maritime workforce.

Other port GOC projects continuing throughout 2021–22 include:

- the $232 million Channel Capacity Upgrade at the Port of Townsville
- ongoing works at Gladstone Port Corporation's RG Tanna Coal Terminal
- upgrading facilities at the Cairns Marine Precinct
- preparing Master Plans for the Ports of Cairns and Mourilyan to inform future capital investment in the Precinct
- working with proponents in Gladstone and Townsville to identify and progress potential Hydrogen opportunities at the respective ports.

Box 9.2 Queensland's hydrogen future

Queensland has the potential to lead the nation in the future production of hydrogen for both the domestic and export markets, with the development of this sector offering significant industry development and job opportunities across regional Queensland. Queensland is already providing direct investment in state-of-the-art training facilities to attract new workers to the industry, and supporting partnerships between Queensland GOCs and the private sector.

Queensland GOCs are leading research, development, and commercialisation opportunities for hydrogen production. The port and energy GOCs are ideally positioned to apply their skills, experience, and infrastructure towards advancing Queensland's hydrogen future.

Various domestic and international opportunities are currently being explored by Queensland GOCs, including in partnership with other key stakeholders, such as:

- POTL and Origin Energy signed a memorandum of understanding in April 2021 for the development of a hydrogen facility in Townsville. This includes investigating the potential expansion of POTL land, construction of a new berth and supporting infrastructure
- Stanwell announced the formation of a consortium with Japanese energy company, Iwatani Corporation, in November 2020 to progress studies and planning for a potential new renewable hydrogen export facility at Gladstone Port. This commitment follows Stanwell's completion of its Central Queensland hydrogen concept study in 2020
- CS Energy and IHI Corporation Japan announced a partnership in February 2021 to assess the feasibility of establishing a renewable hydrogen demonstration plant next to CS Energy's Kogan Creek Power Station near Chinchilla. The concept includes the co-location of a solar farm, battery, hydrogen electrolyser and a hydrogen fuel cell. The focus of this project is a hydrogen electrolyser being powered by behind-the-meter solar energy, which would make it one of the few truly green hydrogen projects in Australia
- in March 2021, GPC signed a memorandum of understanding with Sumitomo Australia, Gladstone Regional Council, Australian Gas Infrastructure Group, and Central Queensland University to establish a Gladstone H2 Ecosystem which will enable parties to work together to identify and progress hydrogen opportunities in the region.

These are important steps towards the government's plan to build Queensland's hydrogen industry and highlights the key role that regional Queensland will play in the hydrogen supply chain, with the potential to create thousands of regional jobs in the process.

The efforts of these GOCs will complement the role of the newly-established Queensland Hydrogen Taskforce to fast-track the planning, development, production, domestic use and export of hydrogen from Queensland.

9.1.5 Water

The 2 largest entities in the Queensland bulk water supply industry are the Queensland Bulk Water Supply Authority (trading as Seqwater) and Sunwater Limited (Sunwater). Other water entities in the PNFC Sector include the Gladstone Area Water Board and Mount Isa Water Board.

Seqwater

Seqwater is responsible for supplying safe, secure and reliable bulk drinking water for people across South East Queensland. Its assets and operations are spread across a large geographic area from the New South Wales border to the base of the Toowoomba ranges and as far north as Gympie. Seqwater provides essential flood mitigation services and manages 7 water supply schemes which provide irrigation services.

Dams play a vital role in South East Queensland's water supply. Seqwater has an ongoing Dam Improvement Program (DIP) to ensure the safety and reliability of its dams and compliance with dam safety guidelines into the future.

Key projects for Seqwater in 2021–22 include:

- construction of the South West Pipeline to connect Beaudesert to the South East Queensland Water Grid to ensure a reliable long-term water supply
- further works at the Mount Crosby East Bank Water Treatment Plant, including refurbishment of water treatment plant filters and upgrading the substation to improve flood resilience
- planning activities for the Somerset Dam safety upgrade
- preparatory work for the Toowoomba to Warwick Pipeline.

Drought conditions have seen a steady decline in South East Queensland dam levels since 2018, with Seqwater continuing to operate in a drought response mode. This includes utilising the Gold Coast Desalination Plant and South East Queensland Water Grid to preserve dam levels as well as continuing the water saving campaign to reduce water consumption. Further drought response measures may be required through 2021–22 if dam levels continue to fall.

Sunwater

Sunwater is the government's major bulk water supply business for regions outside of South East Queensland. It supplies untreated bulk water to approximately 5,000 customers across the industrial, mining, urban and irrigation customer segments. Sunwater provides this through an extensive regional asset base, owning and managing water infrastructure assets with a replacement value of around $14 billion.

Dam safety is a major focus for Sunwater, as it is for all bulk water suppliers. Like Seqwater, Sunwater has an ongoing DIP to ensure the safety and reliability of its dams and compliance with dam safety guidelines into the future. The DIP is an essential works program and a key determinant of Sunwater's financial performance over time.

Key projects for Sunwater in 2021–22 include:

- progressing planning for the Paradise Dam improvement project to identify the optimal option to enhance the dam to meet future extreme weather events
- progressing planning for the Burdekin Falls Dam improvement project
- continuing investigations into potentially raising Burdekin Falls Dam
- continuing work to deliver efficiency improvements to the Mareeba-Dimbulah Water Supply Scheme.

9.2 Finances and performance

9.2.1 Earnings before interest and tax

Total PNFC Sector earnings before interest and tax (EBIT) for 2020–21 of $2.717 billion are consistent with the $2.715 billion forecast at the 2020–21 Queensland Budget. Across the forward estimates, PNFC Sector EBIT is expected to increase to $2.851 billion by 2021–22 and decline to $2.085 billion by 2024–25, with a similar trend reflected across all sectors except ports.

The electricity network sector EBIT is estimated to fall by around one-third in 2020–21 (compared to 2019–20 levels) and remain lower over the forward estimates, driven by EQL's regulated revenue determinations for the 2020–25 period and, to a lesser extent, by Powerlink's upcoming regulated revenue determination for the 2022–2027 period (currently under review by the AER).

From 2021–22, electricity generation EBIT is forecast to decline year-on-year with wholesale price expectations remaining subdued over the forward estimates. Low and sustained wholesale electricity prices are expected over the forward estimates in Queensland and the broader National Electricity Market, driven by the increased penetration of renewable energy.

While recent and planned investments in renewable energy projects by Queensland GOCs will complement the portfolio of existing baseload assets, given the broader market forces, earnings from Queensland generation GOCs are expected to be generally lower over this period.

Port sector EBIT is forecast to trend upwards over the forward estimates, reflecting the various long-term revenue contracts supported by completion of revenue generating capital expansions.

Water sector EBIT in 2020–21 is expected to be $180 million higher than forecast at the 2020–21 Budget, due to deferred expensing of DIP works, as well accounting adjustments to reflect Sunwater's specific liability for the 2011 South East Queensland Floods class action following a settlement agreement. Over the forward estimates, earnings are supported by the upwards trend associated with the South East Queensland bulk water price path, offset by expenses from Sunwater's DIP.

Table 9.2 Earnings before interest and tax[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	1,795	1,179	1,198	1,276	1,241	1,185	1,144
Electricity Generation	(469)	572	425	478	333	119	62
Rail	255	301	296	335	337	294	292
Ports	159	192	195	209	222	245	259
Water	255	517	697	598	595	479	435
Other[2]	(90)	(45)	(95)	(45)	(92)	(100)	(107)
Total PNFC Sector	**1,905**	**2,715**	**2,717**	**2,851**	**2,636**	**2,222**	**2,085**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

9.2.2 Borrowings

Entities in the PNFC Sector use debt financing as a source of funds for asset renewal and capital investments, and to maintain an optimal capital structure. Borrowings also include derivative liabilities associated with hedging activities undertaken by the GOCs.

PNFC Sector entities are required to take a prudent and sound approach to debt management, 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 borrowings on key financial and performance related indicators.

Importantly, PNFC sector entity asset values are a relevant factor in considering overall PNFC sector entity borrowings. On average, for 2020-21, PNFC sector entities borrow around 58 per cent of their asset values.

For the PNFC Sector as a whole, increases in borrowings are more than offset by increases in the value of total assets over time, with the ratio of borrowings to total assets falling to around 56 per cent by 2024-25.

Public ownership of electricity, port, rail and water infrastructure provides the Queensland Government with opportunities to achieve better outcomes for all Queenslanders. In the electricity sector, through public ownership, the government can put downward pressure on electricity prices by ensuring a safe and reliable supply of electricity while creating new jobs across the industry. The government monitors gearing levels of the GOCs to target metrics consistent with an investment grade credit rating and comparable with similar entities in their respective sectors.

Total PNFC Sector borrowings for 2020–21 are estimated to be $40.742 billion, or $222 million less than forecast at the 2020–21 Budget. The decrease is primarily due to a reduction in the value of derivative positions held by GOCs in the electricity generation sector, with falling wholesale electricity prices having a favourable price impact on liabilities.

Over the forward estimates, total PNFC Sector borrowings will remain relatively stable over the forward estimates, increasing to $41.806 billion by 2024–25, primarily driven by higher capital expenditure in the rail and electricity network sectors, and partly offset by reduced borrowings in the electricity generation sector (from unwinding of derivative positions and/or principal debt repayment) and water sector.

Borrowings in the water sector are largely attributable to Seqwater, which currently holds $9.426 billion of debt. This debt balance is the result of the large investment in water infrastructure in response to the Millennium Drought and the associated price path. Seqwater's forecast borrowings reduce across the forward estimates, with price path debt repayment forecast to commence in 2021–22.

Port sector borrowings are forecast to increase modestly to $1.160 billion by 2024–25, with increases to fund major capital works and infrastructure projects by the Port of Townsville and Ports North.

Table 9.3 Borrowings[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	23,050	23,830	24,010	24,255	24,322	24,454	24,637
Electricity Generation	2,655	1,845	1,409	1,571	1,440	1,450	1,431
Rail	3,746	4,093	4,087	4,412	4,683	4,898	5,102
Ports	1,086	1,090	1,085	1,113	1,151	1,160	1,160
Water	9,985	9,937	9,982	9,796	9,553	9,345	9,346
Other[2]	178	169	168	158	147	138	130
Total PNFC Sector[3]	**40,700**	**40,964**	**40,742**	**41,306**	**41,296**	**41,445**	**41,806**
Total Assets	70,840	70,887	70,012	71,678	72,904	74,092	75,194

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.
3. Total PNFC Sector comprises borrowing with QTC, leases and other similar arrangements, and securities and derivatives.

9.2.3 Returns to government

PNFC Sector entities provide returns to government by way of dividends and tax equivalent payments.

Dividends

Dividends generated by the PNFC Sector form part of consolidated revenue used to fund a range of government services. The GOC Act provides for the payment of dividends, with the dividend policies of GOCs determined by government. Each year, GOC boards make a dividend recommendation for government consideration.

Total PNFC Sector dividends for 2020–21 are expected to be $419 million, or $211 million less than forecast at the 2020–21 Budget, with increases in the electricity networks and water sectors more than offset by decreases in the electricity generation sector.

In the water sector, higher dividends in 2020–21 from Sunwater are due to deferred expensing of DIP works, while in the electricity generation sector, lower dividends correspond primarily to declining profitability from subdued wholesale electricity prices.

Over the forward estimates, lower expected profits translate into lower dividends, with decreases in the electricity networks and generation sectors from 2021–22 only partly offset by increases in the ports sector. Total PNFC Sector dividends are expected to rise to $568 million in 2021–22 then decline year-on-year to $456 million by 2024–25.

Electricity network dividends are expected to fall to $129 million in 2020–21, from $532 million in 2019–20, due to the AER's revenue determination leading to an expected fall in EQL's earnings, with a modest recovery thereafter.

Electricity generation dividends are lower in 2020–21 and 2021–22 relative to previous years, with the entry of significant volumes of renewables boosting supply into the grid and putting sustained downward pressure on wholesale electricity prices. Lower wholesale prices driven by the influx of renewable generation impacts all generators in the sector.

Given the soft market outlook, dividends from the GOC generation sector have not been assumed in the later years of the forward estimates. In addition, the recent incident at Callide Power Station is expected to reduce returns to government from CS Energy in 2020–21, although it is too early to ascertain any longer-term implications.

Ports sector dividends are forecast to increase over the forward estimates in line with earnings.

In the water sector, dividends are expected to be modest over the forward estimates due to the repayment of price path debt by Seqwater and DIP costs. At this stage, only the Mount Isa and Gladstone Area Water Boards are forecasting dividends from 2021–22.

Table 9.4 Dividends[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	532	106	129	188	186	165	150
Electricity Generation	305	278	23	98	..	..	..
Rail	119	142	141	162	204	167	153
Ports	110	97	101	111	121	136	144
Water	5	8	26	10	11	10	9
Other[2]	15	..	..	..	..	..	..
Total PNFC Sector	**1,086**	**630**	**419**	**568**	**523**	**477**	**456**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

Tax equivalent payments

Tax equivalent payments (TEPs) are paid by 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 businesses and their private sector counterparts.

In line with the trend in earnings growth, TEPs are expected to increase from $379 million in 2020–21 to $444 million in 2021–22, and then decrease year-on-year to $285 million by 2024–25.

Table 9.5 Tax equivalent payments[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	358	158	159	195	198	191	187
Electricity Generation	232	163	117	117	68	17	13
Rail	55	51	40	71	56	27	11
Ports	56	50	50	55	60	66	68
Water	12	4	6	5	6	5	5
Other[2]	3	5	5	1	1	..	..
Total PNFC Sector	**716**	**431**	**379**	**444**	**387**	**306**	**285**

Notes:

1. Numbers may not add due to rounding.
2. Includes other public corporations.

Competitive Neutrality Fees

Competitive Neutrality policy requires that public sector businesses, including GOCs, should not have a competitive advantage (or disadvantage) over the private sector solely due to their government ownership. A key application of this policy is the competitive neutrality fee (CNF).

The CNF is applied to a GOC's cost of debt to neutralise any cost of funds advantage by way of government ownership on the basis of GOCs' ability to borrow funds at a lower rate than private sector competitors given the government's credit strength.

In general, changes in CNF payments reflect movements in borrowing amounts, interest rate spreads and the entity's stand-alone credit rating.

CNF payments by the PNFC Sector are expected to be $187 million in 2020–21, increasing year-on-year to 2024–25, primarily due to higher payments by EQL in accordance with an increase to its borrowings to fund capital expenditure. CNF payments by other sectors are largely unchanged over the forward estimates.

Table 9.6 Competitive neutrality fee payments[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	106	118	130	150	159	166	162
Electricity Generation	16	15	15	14	11	10	10
Rail	33	27	27	25	24	27	31
Ports	10	10	10	10	9	8	8
Water	5	4	4	4	5	6	6
Total PNFC Sector	**170**	**175**	**187**	**203**	**209**	**216**	**217**

Notes:

1. Numbers may not add due to rounding.

9.2.4 Community service obligation and rail transport services contract payments

For public policy reasons, the government can direct GOCs to perform activities that are not in their commercial interest (for example, discounting rural irrigation water prices to stimulate the regional economy). In these situations, the government can compensate the GOC through the payment of a community service obligation (CSO) for the cost of delivering the uncommercial part of the good or service.

In line with the Queensland Government's Uniform Tariff Policy, a CSO payment is provided to EQL to compensate its retail subsidiary, Ergon Energy, for the increased costs of operating in regional Queensland. This subsidy is provided to ensure Queenslanders, regardless of their geographic location, pay a similar price for their electricity.

Seqwater and Sunwater also own and operate water supply schemes, where irrigation prices for some schemes are set below the level necessary to recover the costs of supply. The government provides a CSO to offset the reduced revenue.

Similarly, TSC payments are made to Queensland Rail to deliver rail passenger services at non-commercial (subsidised) prices for commuter and tourism markets.

Total PNFC Sector CSO and TSC payments for 2020–21 are expected to be $2.414 billion, in line with the $2.434 billion forecast at the 2020–21 Budget. Over the forward estimates, CSO and TSC payments are expected to increase year-on-year to $2.725 billion by 2024–25. This trend is largely driven by TSC payments, which is due to a mix of factors such as changes in patronage, escalation of service delivery costs, progression of capital works and operational readiness activities to support Cross River Rail, and growth in the number of rail services offered.

Relative to 2020–21, water CSO payments are forecast to increase over the forward estimates, due to the government's election commitment to discount rural irrigation water prices for Sunwater and Seqwater customers for the next 3 years. There is no CSO forecast in 2024–25 because irrigation prices have not yet been set beyond 2023–24.

Table 9.7 Community service obligation payments and transport services contracts[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	498	454	454	502	505	490	486
Rail	1,794	1,959	1,940	2,074	2,131	2,163	2,238
Water	9	21	21	35	27	26	..
Total PNFC Sector	**2,302**	**2,434**	**2,414**	**2,612**	**2,663**	**2,679**	**2,725**

Notes:

1. Numbers may not add due to rounding.

9.2.5 Equity movements

Levels of GOC debt and equity are managed by the government to maintain an optimal and efficient capital structure. Corporations may apply different target capital structures to optimise value and support business operations. Equity movements account for changes in contributed equity and special dividends.

Total PNFC Sector equity withdrawals for 2020–21 are expected to be $332 million, in contrast to expected injections of $167 million forecast at the 2020–21 Budget. The variation is primarily due to adjustments in the electricity networks and generation sectors.

In the electricity networks sector, equity adjustments are made to maintain the gearing ratios of these businesses over time. Powerlink will receive $40 million from 2021–22 to upgrade transmission lines to support the development of Neoen's Kaban Green Power Hub.

In the electricity generation sector, equity movements primarily relate to the $250 million in funding allocated to CleanCo for its Karara Wind Farm. Other notable equity movements include a $206 million special dividend from Queensland Treasury Holdings in 2020–21 and the $2 billion in funding from the Queensland Renewable Energy and Hydrogen Jobs Fund (with $1 billion of this equity funding allocated over the forward estimates).

Queensland Rail is expected to receive an equity injection of $35 million in 2022–23 to support its capital program, while Sunwater is expected to receive an equity injection of $100 million in 2023–24 to contribute toward essential dam safety upgrades at Burdekin Falls Dam.

Over the forward estimates, Port of Townsville will receive $105 million of contributed equity for the Channel Capacity Upgrade project. The Queensland Government has further committed $28 million to upgrade facilities at the Ports North-owned Cairns Marine Precinct.

Gladstone Ports Corporation (GPC), under a project agreement with the Australian Government, is to receive $10 million for developing new export infrastructure at the Port of Bundaberg, subject to completing project delivery milestones over 2021–22 and 2022–23.

GPC is also supporting the implementation of the Queensland Government's $21 million Maritime Jobs and Coastal Shipping election commitment through both a funding commitment and the completion of a business case into a potential new portainer crane at Gladstone, subject to approval by shareholding Ministers.

Sunwater is expected to receive a $2.9 million equity injection in 2022–23, to be passed onto the Southern Downs Regional Council as capital grant funding, to upgrade infrastructure at Leslie Dam.

Table 9.8 Equity movements[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Electricity Networks	(67)	(80)	(177)	(50)	(70)	(70)	(85)
Electricity Generation	(5)	43	3	145	105	—	—
Rail	—	—	—	—	35	—	—
Ports	30	76	45	35	23	20	—
Water	(3)	—	—	—	3	100	—
Other[2]	323	128	(202)	350	365	270	100
Total PNFC Sector	**279**	**167**	**(332)**	**480**	**461**	**320**	**15**

Notes:

1. Numbers may not add due to rounding. Bracketed numbers represent equity returns from the PNFC Sector to the General Government Sector.
2. Includes other public corporations such as Stadiums Queensland and Queensland Treasury Holdings, and indicative funding allocations for Queensland Renewable Energy Zones and the Queensland Renewable Energy and Hydrogen Jobs Fund.

10 Uniform Presentation Framework

10.1 Context

This chapter contains detailed financial statements for the Queensland Public Sector prepared under the Uniform Presentation Framework (UPF) first agreed to at the Premier's conference in 1991.

The UPF has been reviewed a number of times, most significantly following the release in October 2007 of the Australian Accounting Standards Board's (AASB) accounting standard, AASB 1049 *Whole of Government and General Government Sector Financial Reporting.* The standard aims to harmonise Government Finance Statistics (GFS) and Generally Accepted Accounting Principles (GAAP) with the objective of improving the clarity and transparency of government financial statements. The UPF was reviewed most recently in February 2019 following the 2015 update to the Australian GFS Framework.

In addition, this chapter provides:

- a time series for the General Government Sector using the revised UPF
- details of General Government Sector grant revenue and expenses
- details of General Government Sector dividend and income tax equivalent income
- data on General Government Sector expenses and purchases of non-financial assets by function
- details of taxation revenue collected by the General Government Sector
- contingent liabilities
- background information on the revised UPF and disclosure differences arising from it including the conceptual basis and sector definitions, along with a list of reporting entities.

10.2 Uniform Presentation Framework financial information

The tables on the following pages present operating statements, balance sheets and cash flow statements prepared on the harmonised basis for the General Government, Public Non-financial Corporations (PNFC) and Non-financial Public Sectors.

Budgeted financial information for the Public Financial Corporations sector is not required by the UPF.

Table 10.1 General Government Sector Operating Statement[1]

	2019–20	2020–21	2020–21	2021–22	2022–23	2023–24	2024–25
	Outcome $ million	**Budget $ million**	**Est.Actual $ million**	**Budget $ million**	**Projection $ million**	**Projection $ million**	**Projection $ million**
Revenue from Transactions							
Taxation revenue	14,585	14,330	15,907	17,399	17,397	17,731	18,608
Grants revenue	27,641	29,094	31,582	31,935	33,513	35,344	36,354
Sales of goods and services	5,618	5,975	6,068	6,062	6,091	6,365	6,209
Interest income	2,076	1,882	1,901	2,537	2,591	2,622	2,702
Dividend and income tax equivalent income	1,929	1,179	916	1,142	1,072	962	937
Other revenue	5,915	3,788	4,023	4,589	5,046	5,383	5,557
Total Revenue from Transactions	**57,764**	**56,249**	**60,396**	**63,664**	**65,711**	**68,408**	**70,367**
Less **Expenses from Transactions**							
Employee expenses	25,660	26,470	26,284	27,474	28,598	29,337	30,344
Superannuation expenses							
Superannuation interest cost	354	246	246	373	398	400	393
Other superannuation expenses	3,183	3,231	3,116	3,156	3,234	3,307	3,355
Other operating expenses	17,087	16,956	17,102	17,963	17,273	17,614	17,576
Depreciation and amortisation	4,033	4,251	4,234	4,356	4,509	4,677	4,829
Other interest expenses	1,486	1,725	1,567	1,667	1,880	2,085	2,241
Grants expenses	11,695	12,003	11,649	12,160	12,260	11,957	11,476
Total Expenses from Transactions	**63,498**	**64,881**	**64,199**	**67,148**	**68,151**	**69,376**	**70,214**
Equals **Net Operating Balance**	**(5,734)**	**(8,633)**	**(3,803)**	**(3,485)**	**(2,440)**	**(968)**	**153**
Plus Other economic flows—included in operating result	(5,015)	4,146	8,742	195	228	262	254
Equals **Operating Result**	**(10,749)**	**(4,486)**	**4,939**	**(3,290)**	**(2,212)**	**(707)**	**407**
Plus Other economic flows—other movements in equity	2,976	2,294	6,020	1,773	1,801	1,883	2,185
Equals **Comprehensive Result—Total Change In Net Worth**	**(7,773)**	**(2,192)**	**10,960**	**(1,517)**	**(411)**	**1,177**	**2,592**
KEY FISCAL AGGREGATES							
Net Operating Balance	(5,734)	(8,633)	(3,803)	(3,485)	(2,440)	(968)	153
Less **Net Acquisition of Non-financial Assets**							
Purchases of non-financial assets	6,291	7,572	6,965	7,800	7,786	7,275	7,041
Less Sales of non-financial assets	230	255	206	240	187	253	190
Less Depreciation	4,033	4,251	4,234	4,356	4,509	4,677	4,829
Plus Change in inventories	107	19	48	9	(8)	(4)	29
Plus Other movements in non-financial assets	1,289	1,724	1,783	1,266	857	319	181
Equals **Total Net Acquisition of Non-financial Assets**	**3,424**	**4,808**	**4,356**	**4,480**	**3,939**	**2,661**	**2,232**
Equals **Fiscal Balance**	**(9,158)**	**(13,440)**	**(8,159)**	**(7,965)**	**(6,379)**	**(3,630)**	**(2,079)**

Note:

1. Numbers may not add due to rounding.

Table 10.2 Public Non-financial Corporations Sector Operating Statement[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Revenue from Transactions							
Grants revenue	646	577	598	711	619	588	558
Sales of goods and services	12,359	11,610	11,436	11,161	10,924	10,779	10,989
Interest income	87	70	56	58	62	68	75
Dividend and income tax equivalent income	14	13	15	—	—	—	—
Other revenue	482	337	313	306	353	315	345
Total Revenue from Transactions	**13,589**	**12,607**	**12,418**	**12,237**	**11,958**	**11,750**	**11,967**
Less **Expenses from Transactions**							
Employee expenses	2,087	2,196	2,156	2,211	2,279	2,359	2,437
Superannuation expenses							
Superannuation interest cost	(5)	—	—	—	—	—	—
Other superannuation expenses	237	228	230	241	251	260	269
Other operating expenses	5,129	4,437	4,110	3,996	3,726	3,551	3,657
Depreciation and amortisation	2,719	2,916	2,777	2,882	2,945	3,049	3,104
Other interest expenses	1,776	1,745	1,732	1,661	1,573	1,515	1,467
Grants expenses	(19)	24	24	24	25	25	25
Other property expenses	737	435	383	448	391	310	289
Total Expenses from Transactions	**12,662**	**11,981**	**11,413**	**11,463**	**11,190**	**11,070**	**11,247**
Equals **Net Operating Balance**	**927**	**626**	**1,006**	**774**	**768**	**680**	**720**
Plus Other economic flows—included in operating result	(944)	(15)	(400)	13	(96)	(255)	(353)
Equals **Operating Result**	**(17)**	**611**	**605**	**787**	**672**	**424**	**367**
Plus Other economic flows—other movements in equity	(651)	(319)	(580)	288	474	402	132
Equals **Comprehensive Result—Total Change In Net Worth**	**(668)**	**292**	**26**	**1,075**	**1,146**	**827**	**498**
KEY FISCAL AGGREGATES							
Net Operating Balance	927	626	1,006	774	768	680	720
Less **Net Acquisition of Non-financial Assets**							
Purchases of non-financial assets	3,156	3,460	3,491	3,713	3,654	3,297	3,327
Less Sales of non-financial assets	36	44	41	68	37	31	23
Less Depreciation	2,719	2,916	2,777	2,882	2,945	3,049	3,104
Plus Change in inventories	50	37	13	4	2	26	17
Plus Other movements in non-financial assets	170	120	91	106	135	135	129
Equals **Total Net Acquisition of Non-financial Assets**	621	656	776	872	809	377	347
Equals **Fiscal Balance**	**306**	**(30)**	**230**	**(98)**	**(41)**	**302**	**373**

Note:

1. Numbers may not add due to rounding.

Table 10.3 Non-financial Public Sector Operating Statement[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Revenue from Transactions							
Taxation revenue	14,254	14,024	15,589	17,062	17,052	17,379	18,254
Grants revenue	27,674	29,115	31,605	31,951	33,528	35,353	36,363
Sales of goods and services	15,596	14,956	14,863	14,320	14,314	14,542	14,607
Interest income	2,140	1,921	1,939	2,578	2,634	2,671	2,752
Dividend and income tax equivalent income	141	130	133	129	162	179	196
Other revenue	6,351	4,124	4,335	4,894	5,397	5,697	5,900
Total Revenue from Transactions	**66,156**	**64,271**	**68,464**	**70,934**	**73,088**	**75,821**	**78,074**
Less **Expenses from Transactions**							
Employee expenses	27,629	28,544	28,319	29,561	30,750	31,569	32,654
Superannuation expenses							
Superannuation interest cost	349	246	246	373	398	400	393
Other superannuation expenses	3,421	3,459	3,346	3,397	3,485	3,567	3,624
Other operating expenses	19,768	18,757	18,564	19,049	18,290	18,555	18,635
Depreciation and amortisation	6,752	7,167	7,012	7,238	7,453	7,726	7,933
Other interest expenses	3,070	3,265	3,095	3,107	3,226	3,366	3,466
Grants expenses	11,062	11,471	11,099	11,489	11,681	11,403	10,952
Total Expenses from Transactions	**72,049**	**72,908**	**71,680**	**74,213**	**75,283**	**76,587**	**77,657**
Equals **Net Operating Balance**	**(5,893)**	**(8,637)**	**(3,216)**	**(3,279)**	**(2,195)**	**(766)**	**417**
Plus Other economic flows—included in operating result	(6,033)	4,051	7,812	118	62	(63)	(184)
Equals **Operating Result**	**(11,926)**	**(4,586)**	**4,595**	**(3,161)**	**(2,133)**	**(829)**	**233**
Plus Other economic flows—other movements in equity	4,153	2,394	6,364	1,644	1,722	2,006	2,359
Equals **Comprehensive Result—Total Change In Net Worth**	**(7,773)**	**(2,192)**	**10,960**	**(1,517)**	**(411)**	**1,177**	**2,592**
KEY FISCAL AGGREGATES							
Net Operating Balance	(5,893)	(8,637)	(3,216)	(3,279)	(2,195)	(766)	417
Less **Net Acquisition of Non-financial Assets**							
Purchases of non-financial assets	9,467	11,032	10,456	11,513	11,440	10,572	10,368
Less Sales of non-financial assets	266	300	247	308	223	284	213
Less Depreciation	6,752	7,167	7,012	7,238	7,453	7,726	7,933
Plus Change in inventories	156	55	61	13	(6)	22	46
Plus Other movements in non-financial assets	1,460	1,844	1,874	1,372	992	454	310
Equals **Total Net Acquisition of Non-financial Assets**	**4,065**	**5,464**	**5,132**	**5,352**	**4,748**	**3,039**	**2,579**
Equals **Fiscal Balance**	**(9,958)**	**(14,101)**	**(8,348)**	**(8,631)**	**(6,943)**	**(3,805)**	**(2,162)**

Note:

1. Numbers may not add due to rounding.

Table 10.4 General Government Sector Balance Sheet[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Assets							
Financial Assets							
Cash and deposits	1,205	1,005	951	860	797	747	713
Advances paid	1,280	1,415	1,357	1,545	1,644	1,609	1,530
Investments, loans and placements	29,580	34,851	38,466	39,319	40,131	40,885	41,634
Receivables	4,490	4,459	4,198	3,305	3,956	4,038	4,238
Equity							
Investments in other public sector entities	21,560	21,852	21,782	22,857	24,003	24,830	25,328
Investments—other	163	164	161	161	161	161	161
Total Financial Assets	**58,278**	**63,745**	**66,917**	**68,047**	**70,694**	**72,271**	**73,605**
Non-financial Assets							
Land and other fixed assets	223,280	235,537	237,808	243,243	248,251	252,414	255,764
Other non-financial assets	6,928	6,965	6,972	6,920	7,007	7,198	7,476
Total Non-financial Assets	**230,207**	**242,503**	**244,780**	**250,163**	**255,259**	**259,612**	**263,240**
Total Assets	**288,485**	**306,247**	**311,697**	**318,210**	**325,953**	**331,883**	**336,845**
Liabilities							
Payables	5,729	4,470	4,672	4,673	4,720	4,771	4,829
Superannuation liability	27,808	27,475	23,758	22,686	21,653	20,291	18,505
Other employee benefits	8,327	8,532	8,339	8,514	8,695	8,910	9,133
Advances received	1,845	1,506	1,505	1,432	1,119	1,018	868
Borrowing with QTC	37,570	53,501	47,102	57,240	67,110	73,265	77,761
Leases and other similar arrangements	6,499	7,565	7,779	7,603	7,471	7,780	7,623
Securities and derivatives	198	198	198	198	198	198	198
Other liabilities	6,779	11,463	13,653	12,690	12,223	11,711	11,396
Total Liabilities	**94,754**	**114,708**	**107,006**	**115,037**	**123,190**	**127,944**	**130,313**
Net Worth	**193,731**	**191,539**	**204,691**	**203,174**	**202,763**	**203,939**	**206,532**
Net Financial Worth	(36,476)	(50,963)	(40,089)	(46,989)	(52,496)	(55,673)	(56,708)
Net Financial Liabilities	58,036	72,815	61,871	69,847	76,499	80,503	82,036
Net Debt	14,046	25,499	15,808	24,750	33,326	39,019	42,573

Notes:

1. Numbers may not add due to rounding.

Table 10.5 Public Non-financial Corporations Sector Balance Sheet[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Assets							
Financial Assets							
Cash and deposits	889	945	941	784	791	874	992
Advances paid	1,491	1,216	1,236	1,214	950	897	796
Investments, loans and placements	1,787	845	233	308	217	221	232
Receivables	1,484	1,495	1,486	1,572	1,518	1,571	1,614
Equity							
Investments—other	279	9	9	9	9	9	9
Total Financial Assets	**5,930**	**4,510**	**3,906**	**3,887**	**3,485**	**3,573**	**3,643**
Non-financial Assets							
Land and other fixed assets	63,522	64,960	64,667	66,328	67,941	68,971	69,892
Other non-financial assets	1,388	1,417	1,440	1,463	1,478	1,548	1,659
Total Non-financial Assets	**64,910**	**66,377**	**66,107**	**67,791**	**69,419**	**70,519**	**71,551**
Total Assets	**70,840**	**70,887**	**70,012**	**71,678**	**72,904**	**74,092**	**75,194**
Liabilities							
Payables	2,210	1,718	1,453	1,640	1,609	1,616	1,617
Superannuation liability	(152)	(149)	(152)	(152)	(152)	(152)	(152)
Other employee benefits	911	923	914	940	955	970	986
Deposits held	13	13	13	13	13	13	13
Advances received	6	5	5	4	4	3	2
Borrowing with QTC	38,894	39,967	40,225	40,655	40,782	40,978	41,369
Leases and other similar arrangements	492	468	448	405	372	338	302
Securities and derivatives	1,315	529	68	245	142	129	134
Other liabilities	8,183	8,152	8,043	7,857	7,964	8,154	8,382
Total Liabilities	**51,871**	**51,626**	**51,017**	**51,608**	**51,688**	**52,049**	**52,654**
Net Worth	**18,969**	**19,261**	**18,995**	**20,070**	**21,216**	**22,043**	**22,541**
Net Financial Worth	(45,941)	(47,116)	(47,112)	(47,721)	(48,203)	(48,476)	(49,010)
Net Debt	36,552	37,975	38,349	39,017	39,354	39,468	39,801

Notes:

1. Numbers may not add due to rounding.

Table 10.6 Non-financial Public Sector Balance Sheet[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Assets							
Financial Assets							
Cash and deposits	2,094	1,949	1,892	1,644	1,588	1,621	1,705
Advances paid	1,274	1,410	1,352	1,540	1,641	1,607	1,527
Investments, loans and placements	31,366	35,696	38,699	39,628	40,348	41,105	41,866
Receivables	4,669	5,145	5,121	4,037	4,599	4,798	5,066
Equity							
Investments in other public sector entities	2,592	2,592	2,788	2,788	2,788	2,788	2,788
Investments—other	442	173	170	171	171	171	171
Total Financial Assets	**42,438**	**46,964**	**50,023**	**49,807**	**51,134**	**52,090**	**53,123**
Non-financial Assets							
Land and other fixed assets	286,800	300,496	302,474	309,570	316,192	321,385	325,655
Other non-financial assets	1,236	1,228	1,222	1,107	1,000	953	958
Total Non-financial Assets	**288,037**	**301,724**	**303,696**	**310,677**	**317,192**	**322,338**	**326,613**
Total Assets	**330,475**	**348,688**	**353,719**	**360,484**	**368,326**	**374,428**	**379,736**
Liabilities							
Payables	6,676	5,421	5,607	5,520	5,500	5,624	5,706
Superannuation liability	27,656	27,326	23,606	22,534	21,501	20,139	18,353
Other employee benefits	9,238	9,456	9,253	9,453	9,650	9,880	10,119
Deposits held	13	13	13	13	13	13	13
Advances received	354	289	268	218	169	120	72
Borrowing with QTC	76,464	93,467	87,327	97,896	107,892	114,243	119,130
Leases and other similar arrangements	6,991	8,033	8,227	8,009	7,843	8,118	7,925
Securities and derivatives	1,505	720	259	436	333	320	325
Other liabilities	7,847	12,425	14,467	13,231	12,662	12,031	11,561
Total Liabilities	**136,743**	**157,149**	**149,028**	**157,310**	**165,563**	**170,489**	**173,205**
Net Worth	**193,731**	**191,539**	**204,691**	**203,174**	**202,763**	**203,939**	**206,532**
Net Financial Worth	(94,305)	(110,185)	(99,005)	(107,503)	(114,429)	(118,399)	(120,081)
Net Financial Liabilities	96,897	112,777	101,793	110,291	117,217	121,187	122,869
Net Debt	50,592	63,467	54,151	63,760	72,674	78,481	82,367

Notes:

1. Numbers may not add due to rounding.

Table 10.7 General Government Sector Cash Flow Statement[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Cash Receipts from Operating Activities							
Taxes received	13,870	13,749	15,326	18,657	17,396	17,730	18,606
Grants and subsidies received	28,841	27,948	30,444	31,906	33,009	35,317	36,204
Sales of goods and services	6,055	6,245	6,508	6,312	6,383	6,634	6,537
Interest receipts	1,997	2,017	2,036	2,535	2,589	2,620	2,700
Dividends and income tax equivalents	2,756	1,690	1,669	897	1,030	1,006	958
Other receipts	7,048	5,011	5,213	5,730	6,169	6,390	6,607
Total Operating Receipts	**60,567**	**56,661**	**61,196**	**66,038**	**66,576**	**69,696**	**71,612**
Cash Payments for Operating Activities							
Payments for employees	(29,332)	(30,442)	(30,078)	(31,442)	(32,742)	(33,635)	(34,746)
Payments for goods and services	(19,019)	(19,128)	(19,247)	(20,402)	(19,270)	(19,595)	(19,520)
Grants and subsidies	(10,928)	(11,993)	(11,631)	(12,100)	(12,135)	(11,912)	(11,431)
Interest paid	(1,460)	(1,679)	(1,514)	(1,600)	(1,809)	(2,007)	(2,161)
Other payments	(8)	—	—	—	—	—	—
Total Operating Payments	**(60,747)**	**(63,243)**	**(62,471)**	**(65,544)**	**(65,957)**	**(67,149)**	**(67,857)**
Net Cash Inflows from Operating Activities	**(180)**	**(6,581)**	**(1,275)**	**493**	**619**	**2,547**	**3,755**
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(6,291)	(7,572)	(6,965)	(7,800)	(7,786)	(7,275)	(7,041)
Sales of non-financial assets	230	255	206	240	187	253	190
Net Cash Flows from Investments in Non-financial Assets	**(6,061)**	**(7,316)**	**(6,759)**	**(7,561)**	**(7,599)**	**(7,023)**	**(6,851)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(941)**	**(305)**	**34**	**(636)**	**(555)**	**(277)**	**72**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**4,391**	**(822)**	**(859)**	**(821)**	**(799)**	**(750)**	**(741)**
Receipts from Financing Activities							
Advances received (net)	(847)	(337)	(341)	(69)	(311)	(99)	(148)
Borrowing (net)	2,975	15,162	8,946	8,501	8,582	5,552	3,880
Net Cash Flows from Financing Activities	**2,128**	**14,825**	**8,605**	**8,433**	**8,271**	**5,453**	**3,732**
Net Increase/(Decrease) in Cash held	**(663)**	**(201)**	**(254)**	**(91)**	**(62)**	**(50)**	**(34)**
Net cash from operating activities	(180)	(6,581)	(1,275)	493	619	2,547	3,755
Net cash flows from investments in non-financial assets	(6,061)	(7,316)	(6,759)	(7,561)	(7,599)	(7,023)	(6,851)
Surplus/(Deficit)	**(6,241)**	**(13,898)**	**(8,033)**	**(7,067)**	**(6,980)**	**(4,475)**	**(3,096)**
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	(6,241)	(13,898)	(8,033)	(7,067)	(6,980)	(4,475)	(3,096)
Acquisitions under finance leases and similar arrangements	(1,263)	(1,571)	(1,632)	(1,088)	(752)	(137)	—
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(7,503)**	**(15,468)**	**(9,665)**	**(8,155)**	**(7,732)**	**(4,612)**	**(3,096)**

Note:

1. Numbers may not add due to rounding.

Table 10.8 Public Non-financial Corporations Sector Cash Flow Statement[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Cash Receipts from Operating Activities							
Grants and subsidies received	643	589	610	681	609	575	547
Sales of goods and services	14,582	13,155	13,126	12,674	12,533	12,270	12,495
Interest receipts	88	70	56	58	62	68	75
Dividends and income tax equivalents	14	13	15	—	—	—	—
Other receipts	373	232	232	206	236	197	231
Total Operating Receipts	**15,701**	**14,059**	**14,039**	**13,620**	**13,439**	**13,110**	**13,348**
Cash Payments for Operating Activities							
Payments for employees	(2,219)	(2,406)	(2,396)	(2,426)	(2,514)	(2,604)	(2,690)
Payments for goods and services	(6,307)	(5,788)	(5,649)	(5,593)	(5,096)	(4,778)	(4,899)
Grants and subsidies	(263)	(67)	(24)	(24)	(25)	(25)	(25)
Interest paid	(1,771)	(1,736)	(1,711)	(1,645)	(1,573)	(1,515)	(1,467)
Other payments	(1,471)	(973)	(1,000)	(869)	(824)	(818)	(806)
Total Operating Payments	**(12,030)**	**(10,969)**	**(10,781)**	**(10,557)**	**(10,033)**	**(9,740)**	**(9,888)**
Net Cash Inflows from Operating Activities	**3,671**	**3,089**	**3,259**	**3,063**	**3,407**	**3,370**	**3,459**
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(3,156)	(3,460)	(3,491)	(3,713)	(3,654)	(3,297)	(3,327)
Sales of non-financial assets	36	44	41	68	37	31	23
Net Cash Flows from Investments in Non-financial Assets	(3,120)	(3,416)	(3,449)	(3,644)	(3,617)	(3,265)	(3,304)
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**707**	**195**	**79**	**(68)**	**194**	**(17)**	**16**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**(29)**	**(15)**	**(18)**	**(12)**	**(12)**	**(12)**	**(13)**
Receipts from Financing Activities							
Advances received (net)	5	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	733	1,030	1,276	380	73	143	336
Dividends paid	(1,799)	(1,071)	(1,071)	(419)	(568)	(523)	(477)
Deposits received (net)	(1)	—	—	—	—	—	—
Other financing (net)	19	243	(22)	543	531	390	100
Net Cash Flows from Financing Activities	**(1,043)**	**202**	**182**	**503**	**36**	**9**	**(41)**
Net Increase/(Decrease) in Cash held	**186**	**55**	**52**	**(157)**	**7**	**83**	**118**
Net cash from operating activities	3,671	3,089	3,259	3,063	3,407	3,370	3,459
Net cash flows from investments in non-financial assets	(3,120)	(3,416)	(3,449)	(3,644)	(3,617)	(3,265)	(3,304)
Dividends paid	(1,799)	(1,071)	(1,071)	(419)	(568)	(523)	(477)
Surplus/(Deficit)	**(1,248)**	**(1,397)**	**(1,262)**	**(1,001)**	**(779)**	**(419)**	**(321)**
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	(1,248)	(1,397)	(1,262)	(1,001)	(779)	(419)	(321)
Acquisitions under finance leases and similar arrangements	(54)	(14)	(9)	(5)	(18)	(17)	(16)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(1,302)**	**(1,412)**	**(1,271)**	**(1,006)**	**(798)**	**(436)**	**(337)**

Note:

1. Numbers may not add due to rounding.

Table 10.9 Non-financial Public Sector Cash Flow Statement[1]

	2019–20 Outcome $ million	2020–21 Budget $ million	2020–21 Est.Actual $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Cash Receipts from Operating Activities							
Taxes received	13,543	13,444	15,010	18,321	17,051	17,378	18,253
Grants and subsidies received	28,875	27,982	30,496	31,910	33,013	35,315	36,201
Sales of goods and services	18,222	16,407	16,630	15,702	15,828	15,921	16,053
Interest receipts	2,061	2,057	2,074	2,575	2,632	2,669	2,750
Dividends and income tax equivalents	81	137	139	122	145	171	189
Other receipts	7,441	5,241	5,444	5,926	6,393	6,555	6,830
Total Operating Receipts	**70,223**	**65,267**	**69,792**	**74,556**	**75,061**	**78,008**	**80,277**
Cash Payments for Operating Activities							
Payments for employees	(31,432)	(32,726)	(32,353)	(33,744)	(35,130)	(36,111)	(37,309)
Payments for goods and services	(22,875)	(21,916)	(21,903)	(22,714)	(21,259)	(21,355)	(21,427)
Grants and subsidies	(10,581)	(11,505)	(11,081)	(11,428)	(11,557)	(11,358)	(10,907)
Interest paid	(3,041)	(3,210)	(3,021)	(3,024)	(3,156)	(3,289)	(3,388)
Other payments	(571)	(473)	(521)	(508)	(502)	(501)	(509)
Total Operating Payments	**(68,500)**	**(69,830)**	**(68,879)**	**(71,419)**	**(71,604)**	**(72,614)**	**(73,539)**
Net Cash Inflows from Operating Activities	**1,723**	**(4,563)**	**913**	**3,137**	**3,457**	**5,394**	**6,737**
Cash Flows from Investments in Non-Financial Assets							
Purchases of non-financial assets	(9,467)	(11,032)	(10,456)	(11,513)	(11,440)	(10,572)	(10,368)
Sales of non-financial assets	266	300	247	308	223	284	213
Net Cash Flows from Investments in Non-financial Assets	**(9,201)**	**(10,732)**	**(10,208)**	**(11,205)**	**(11,216)**	**(10,288)**	**(10,155)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(916)**	**(143)**	**(99)**	**(183)**	**(94)**	**42**	**86**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**4,362**	**(837)**	**(877)**	**(832)**	**(811)**	**(762)**	**(754)**
Receipts from Financing Activities							
Advances received (net)	(64)	(62)	(86)	(47)	(47)	(47)	(47)
Borrowing (net)	3,708	16,192	10,221	8,881	8,655	5,695	4,217
Deposits received (net)	(1)	—	—	—	—	—	—
Other financing (net)	(88)	—	(65)	—	—	—	—
Net Cash Flows from Financing Activities	**3,555**	**16,130**	**10,069**	**8,835**	**8,608**	**5,648**	**4,170**
Net Increase/(Decrease) in Cash held	**(477)**	**(145)**	**(202)**	**(249)**	**(56)**	**33**	**84**
Net cash from operating activities	1,723	(4,563)	913	3,137	3,457	5,394	6,737
Net cash flows from investments in non-financial assets	(9,201)	(10,732)	(10,208)	(11,205)	(11,216)	(10,288)	(10,155)
Surplus/(Deficit)	**(7,478)**	**(15,295)**	**(9,295)**	**(8,068)**	**(7,759)**	**(4,894)**	**(3,417)**
Derivation of ABS GFS Cash Surplus/Deficit							
Cash surplus/(deficit)	(7,478)	(15,295)	(9,295)	(8,068)	(7,759)	(4,894)	(3,417)
Acquisitions under finance leases and similar arrangements	(1,316)	(1,585)	(1,641)	(1,093)	(770)	(154)	(16)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(8,794)**	**(16,880)**	**(10,937)**	**(9,161)**	**(8,530)**	**(5,048)**	**(3,433)**

Note:

1. Numbers may not add due to rounding.

10.3 General Government Sector time series

Data presented in Table 10.10 provides a time series from 2008–09 to 2019–20 for the General Government Sector on the key fiscal aggregates used by the government to measure financial performance. These aggregates have been backcast (as far as possible) to comply with AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Table 10.10 General Government Sector Time Series[1]

	2008–09 Actual $ million	2009–10 Actual $ million	2010–11 Actual $ million	2011–12 Actual $ million	2012–13 Actual $ million	2013–14 Actual $ million	2014–15 Actual $ million	2015–16 Actual $ million	2016–17 Actual $ million	2017–18 Actual $ million	2018–19 Actual $ million	2019–20 Actual $ million
Revenue from Transactions												
Taxation revenue	8,866	9,375	9,981	10,608	10,937	11,840	12,598	12,547	12,919	13,244	14,165	14,585
Grant revenue	17,481	20,205	20,338	22,652	18,322	21,740	23,583	23,740	27,384	27,966	28,307	27,641
Sales of goods and services	3,648	3,961	4,172	5,002	5,087	5,039	5,443	5,712	5,642	5,884	5,783	5,618
Interest income	1,482	2,204	2,368	2,485	2,644	2,460	2,470	2,543	2,351	2,389	2,191	2,076
Dividend and income tax equivalent income	1,180	949	1,232	1,112	1,351	1,975	2,554	2,661	2,675	2,920	2,784	1,929
Other revenue	4,421	3,033	3,921	3,942	3,415	3,650	3,322	3,577	5,223	5,685	6,598	5,915
Total Revenue	**37,078**	**39,727**	**42,013**	**45,801**	**41,755**	**46,705**	**49,970**	**50,780**	**56,194**	**58,087**	**59,828**	**57,764**
Expenses from Transactions												
Employee expenses	14,310	15,566	16,826	18,250	18,130	17,816	18,592	20,045	21,258	22,681	24,019	25,660
Superannuation expenses												
Superannuation interest costs	858	1,320	1,240	1,216	923	963	878	767	514	667	653	354
Other superannuation expenses	2,012	2,051	2,171	2,301	2,420	2,277	2,319	2,507	2,661	2,741	3,012	3,183
Other operating expenses	7,300	7,568	8,646	9,497	12,817	13,108	14,539	14,811	15,578	17,259	16,480	17,087
Depreciation and amortisation	2,496	2,501	2,507	2,777	2,902	3,060	3,137	2,921	3,068	3,326	3,451	4,033
Other interest expenses	599	803	1,125	1,659	1,940	2,200	2,328	2,220	1,722	1,614	1,581	1,486
Grant expenses	9,525	9,790	10,963	10,327	7,182	6,792	7,758	6,841	8,568	8,048	9,647	11,695
Total Expenses	**37,099**	**39,599**	**43,479**	**46,028**	**46,312**	**46,217**	**49,551**	**50,112**	**53,369**	**56,337**	**58,843**	**63,498**
Net Operating Balance	**(21)**	**128**	**(1,466)**	**(226)**	**(4,558)**	**488**	**420**	**668**	**2,825**	**1,750**	**985**	**(5,734)**
OTHER KEY AGGREGATES												
Purchases of non-financial assets	6,772	8,959	8,237	7,971	7,001	6,323	4,635	4,044	4,620	5,126	5,764	6,291
Net acquisition of non-financial assets	4,349	6,665	5,583	5,241	3,389	3,087	992	1,164	2,265	2,337	3,192	3,424
Fiscal Balance	**(4,371)**	**(6,537)**	**(7,049)**	**(5,467)**	**(7,947)**	**(2,599)**	**(572)**	**(497)**	**560**	**(587)**	**(2,207)**	**(9,158)**
Cash Surplus/(Deficit)	(2,866)	(5,341)	(5,880)	(4,951)	(8,585)	(3,213)	(105)	866	1,448	337	302	(6,241)
Net Worth	184,277	175,588	177,875	170,745	172,963	166,492	171,933	188,099	194,988	195,038	200,861	193,731
Net Debt	(19,251)	(13,354)	(9,542)	(5,720)	2,399	5,208	5,749	653	(355)	(509)	(198)	14,046
Borrowing[2]	10,308	15,916	24,593	29,517	37,878	41,368	43,105	35,486	33,240	31,520	32,202	44,267

Notes:

1. Numbers may not add due to rounding.
2. Borrowing in 2013–14 includes bank overdraft of $1.434 billion.

Source: Report on State Finances for Queensland 2009–10 to 2019–20. (Numbers have been recast for changes to UPF presentation.)

10.4 Other General Government Uniform Presentation Framework data

Data in the following tables is presented in accordance with the UPF.

10.4.1 Grants

Tables 10.11 and 10.12 provide details of General Government Sector current and capital grant revenue and expenses.

Table 10.11 General Government Sector grant revenue[1]

	2020–21 Est. Act. $ million	2021–22 Budget $ million
Current grant revenue		
Current grants from the Commonwealth		
General purpose grants	14,839	15,647
Specific purpose grants	9,868	9,636
Specific purpose grants for on-passing	3,631	3,753
Total current grants from the Commonwealth	28,338	29,035
Other contributions and grants	346	329
Total current grant revenue	**28,684**	**29,364**
Capital grant revenue		
Capital grants from the Commonwealth		
Specific purpose grants	2,865	2,538
Total capital grants from the Commonwealth	2,865	2,538
Other contributions and grants	34	34
Total capital grant revenue	**2,899**	**2,571**
Total grant revenue	**31,582**	**31,935**

Note:

1. Numbers may not add due to rounding.

Table 10.12 General Government Sector grant expenses[1]

	2020–21 Est. Act $ million	2021–22 Budget $ million
Current grant expense		
Private and Not-for-profit sector	2,807	2,842
Private and Not-for-profit sector on-passing	3,145	3,485
Local Government	368	372
Local Government on-passing	505	281
Grants to other sectors of Government	2,515	2,682
Other	514	366
Total current grant expense	**9,854**	**10,028**
Capital grant expense		
Private and Not-for-profit sector	519	496
Local Government	1,070	1,447
Grants to other sectors of Government	30	50
Other	177	139
Total capital grant expense	**1,796**	**2,132**
Total grant expense	**11,649**	**12,160**

Note:

1. Numbers may not add due to rounding.

10.4.2 Dividend and income tax equivalent income

Table 10.13 provides details of the source of dividend and income tax equivalent income in the General Government Sector.

Table 10.13 General Government Sector dividend and income tax equivalent income[1]

	2020–21 Est. Act. $ million	2021–22 Budget $ million
Dividend and Income Tax Equivalent income from PNFC sector	798	1,012
Dividend and Income Tax Equivalent income from PFC sector	118	129
Total Dividend and Income Tax Equivalent income	**915**	**1,141**

Note:

1. Numbers may not add due to rounding.

10.4.3 Expenses by function

Table 10.14 provides details of General Government Sector expenses by function.

Table 10.14 General Government Sector expenses by function[1]

	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
General public services	5,723	5,330	5,352	5,754	5,605	5,716
Public order and safety	5,953	6,074	6,313	6,164	6,384	6,713
Economic affairs	2,442	2,213	2,217	2,165	1,933	1,869
Environmental protection	791	848	875	843	787	758
Housing and community amenities	1,084	1,064	1,162	1,205	1,103	1,088
Health	20,184	20,222	21,214	21,322	22,003	22,729
Recreation, culture and religion	856	805	941	775	767	760
Education	15,586	15,470	16,803	17,442	18,048	18,297
Social protection	5,282	5,132	5,001	5,106	5,336	5,459
Transport	6,980	7,041	7,273	7,374	7,410	6,824
Total Expenses	**64,881**	**64,199**	**67,149**	**68,149**	**69,377**	**70,214**

Note:

1. Numbers may not add due to rounding.

10.4.4 Purchases of non-financial assets by function

Table 10.15 provides details of General Government Sector purchases of non-financial assets by function.

Table 10.15 General Government Sector purchases of non-financial assets by function[1]

	2020–21 Budget $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
General public services	209	215	169	71	37	27
Public order and safety	629	469	596	446	309	221
Economic affairs	24	31	53	59	45	30
Environmental protection	42	43	45	27	29	18
Housing and community amenities	480	391	438	219	251	259
Health	993	792	1,141	1,216	722	439
Recreation, culture and religion	103	101	118	70	33	25
Education	1,631	1,242	1,417	1,019	742	520
Social protection	51	42	24	37	31	10
Transport	3,410	3,640	3,800	4,622	5,077	5,492
Total Purchases	**7,572**	**6,965**	**7,800**	**7,786**	**7,275**	**7,041**

Note:

1. Numbers may not add due to rounding.

10.4.5 Taxes

Table 10.16 provides details of taxation revenue collected by the General Government Sector.

Table 10.16 General Government Sector taxes[1]

	2020–21 Est. Act. $ million	2021–22 Budget $ million
Taxes on employers' payroll and labour force	4,192	4,484
Taxes on property		
Land taxes	1,493	1,617
Stamp duties on financial and capital transactions	3,693	4,598
Other	1,193	1,259
Taxes on the provision of goods and services		
Taxes on gambling	1,565	1,553
Taxes on insurance	1,117	1,182
Taxes on use of goods and performance of activities		
Motor vehicle taxes	2,655	2,706
Total Taxation Revenue	**15,907**	**17,399**

Note:

1. Numbers may not add due to rounding.

10.5 Contingent liabilities

Contingent liabilities represent items that are not included in the budget as significant uncertainty exists as to whether the government would sacrifice future economic benefits in respect of these items. Nevertheless, such contingencies need to be recognised and managed wherever possible in terms of their potential impact on the government's financial position in the future.

The state's quantifiable and non-quantifiable contingent liabilities are detailed in the *2019–20 Report on State Finances* – whole-of-government financial statements (note 43).

A summary of the state's quantifiable contingent liabilities as at 30 June 2020 is provided in Table 10.17.

Table 10.17 Contingent liabilities

Nature of contingent liability	2019–20 $ million
Guarantees and indemnities	13,217
Other	155
Total	**13,371**

10.6 Background and interpretation of Uniform Presentation Framework

As mentioned in the introduction to this chapter, the UPF was reviewed in 2007 following release of the 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.

10.6.1 Accrual Government Finance Statistics Framework

The GFS reporting framework, developed by the Australian Bureau of Statistics (ABS), is based on international statistics standards (the International Monetary Fund Manual on Government Finance Statistics and the United Nations System of National Accounts). This allows comprehensive assessments to be made of the economic impact of government.

The accrual GFS framework is based on an integrated recording of stocks and flows. Stocks refers to a unit's holdings of assets and liabilities at a point in time, while flows represent the movement in the stock of assets and liabilities between 2 points in time. Flows comprise 2 separate types, transactions and other economic flows. Transactions come about from mutually agreed interactions between units or within a single unit. Other economic flows would include revaluations and destruction or discovery of assets that do not result from a transaction.

In GFS operating statements, other economic flows, being outside of the control of government, are excluded and do not affect the net operating balance or fiscal balance.

10.6.2 Generally Accepted Accounting Principles

In addition to the GFS framework, public sector entities were previously required to report at year end against AAS 31 *Financial Reporting by Government*, which meant complying with the Accounting Standards issued by the AASB.

10.6.3 Harmonisation under AASB 1049

This dual reporting regime caused confusion for financial report users and the Financial Reporting Council asked the AASB to develop a framework harmonising GAAP and GFS and to issue an Australian accounting standard for a single set of government reports.

In the development of 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.

10.6.4 Revisions to the Uniform Presentation Framework

Following the introduction of AASB 1049, the Australia, 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 continues to apply to financial statements produced by government in budgets, mid-year budget updates and final budget outcome reports, whereas the accounting standard applies only to outcome reports.

Aligning the framework with the AASB 1049 was not intended to create a UPF that complies with all the reporting requirements of AASB 1049. For example, the UPF does not include the same level of detail in relation to disclosure requirements of AASB 1049. Instead, the revised UPF allows jurisdictions to utilise the framework as the base set of statements and add additional relevant information to comply with AASB 1049.

10.7 Sector classification

GFS data is presented by institutional sector, distinguishing between the General Government Sector and the PNFC Sector.

Budget reporting focuses on the General Government Sector, which provides regulatory services, and goods and services of a non-market nature that are provided at less than cost or at no cost. These services are largely financed by general revenue (Australian Government grants and state taxation). This service comprises government departments, their commercialised business units/shared service providers and certain statutory bodies.

The PNFC Sector comprises bodies that provide mainly market goods and services that are of non-regulatory and non-financial nature. PNFCs are financed through sales to customers of their goods and services and may be supplemented by explicit government subsidy to satisfy community service obligations. In general, PNFCs are largely 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.

10.8 Reporting entities

The reporting entities included in the General Government and the PNFC sectors in these budget papers are included below.

10.8.1 General Government

Departments

Agriculture and Fisheries

Children, Youth Justice and Multicultural Affairs

Communities, Housing and Digital Economy

Education

Employment, Small Business and Training

Energy and Public Works

Environment and Science

Justice and Attorney-General

Premier and Cabinet

Public Safety Business Agency (abolished 1 July 2021)

Queensland Corrective Services

Queensland Fire and Emergency Services

Queensland Health

Queensland Police Service

Queensland Treasury

Regional Development, Manufacturing and Water Resources

Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

State Development, Infrastructure, Local Government and Planning

Tourism, Innovation and Sport

Transport and Main Roads

Commercialised Business Units

CITEC

Economic Development Queensland

QBuild

QFleet

RoadTek

Shared Service Providers

Corporate Administration Agency

Queensland Shared Services

Other General Government entities

Board of the Queensland Museum

Crime and Corruption Commission

Cross River Rail Delivery Authority

Electoral Commission of Queensland

Gold Coast Waterways Authority

Health and Wellbeing Queensland

Hospital and Health Services

- Cairns and Hinterland
- Central Queensland
- Central West
- Children's Health Queensland
- Darling Downs
- Gold Coast
- Mackay
- Metro North
- Metro South
- North West
- South West
- Sunshine Coast
- Torres and Cape
- Townsville
- West Moreton
- Wide Bay

Legal Aid Queensland

Legislative Assembly

Library Board of Queensland

Motor Accident Insurance Commission

Nominal Defendant

Office of the Governor

Office of the Health Ombudsman

Office of the Information Commissioner

Office of the Inspector-General Emergency Management

Office of the Ombudsman

Prostitution Licensing Authority

Public Service Commission

Queensland Art Gallery Board of Trustees

Queensland Audit Office

Queensland Building and Construction Commission

Queensland Curriculum and Assessment Authority

Queensland Family and Child Commission

Queensland Human Rights Commission

Queensland Mental Health Commission

Queensland Performing Arts Trust

Queensland Racing Integrity Commission

Queensland Reconstruction Authority

Queensland Rural and Industry Development Authority

Residential Tenancies Authority

South Bank Corporation TAFE Queensland

The Council of the Queensland Institute of Medical Research

The Public Trustee of Queensland

Tourism and Events Queensland

Trade and Investment Queensland

10.8.2 Public Non-financial Corporations

CleanCo Queensland Ltd

CS Energy Limited

Energy Queensland Limited

Far North Queensland Ports Corporations Limited

Gladstone Area Water Board

Gladstone Ports Corporation Limited

Mount Isa Water Board

North Queensland Bulk Ports Corporation Limited

Port of Townsville Limited

Powerlink Queensland

Queensland Bulk Water Supply Authority (SEQ Water)

Queensland Rail

Queensland Treasury Holdings Pty Ltd

Stadiums Queensland

Stanwell Corporation Limited

Sunwater Limited

Appendix A: Concessions statement

Context

The Queensland Government provides a wide range of concessions across a variety of services and products. Concessions include targeted discounts, rebates and subsidies for Queenslanders and Queensland businesses based on eligibility criteria (e.g. factors such as age, income, special-needs, location, or business characteristics), as well as broader concession arrangements to reduce prices paid by consumers for transport, electricity and water services.

The majority of Queenslanders benefit from at least one Queensland Government concession and, in many cases, may benefit from multiple concessions each year. For example, aged pensioners are eligible for a number of Queensland Government concessions, such as discounts on their council rates, water, gas and electricity bills, and vehicle registration fees, as well as subsidised optometry and dental services.

In the context of the COVID-19 crisis and the resulting impacts on economic activity, businesses and households across the state, the Queensland Government introduced a wide variety of concessions providing support for individuals, households and businesses which reduce the cost of living or the cost of doing business.

Some of these concessions were time-limited, given the need for targeted and temporary relief to support Queensland businesses and households during the crisis. As a result, the level of some concessions is expected to reduce materially compared with that provided in 2020–21, given the ongoing economic recovery now underway across the state means that ongoing provision of a range of specific COVID-19 related concessions is no longer necessary.

Details of these concessions, including appropriate references to those implemented as temporary measures in the context of COVID-19, are outlined in the Concessions Statement.

Focus

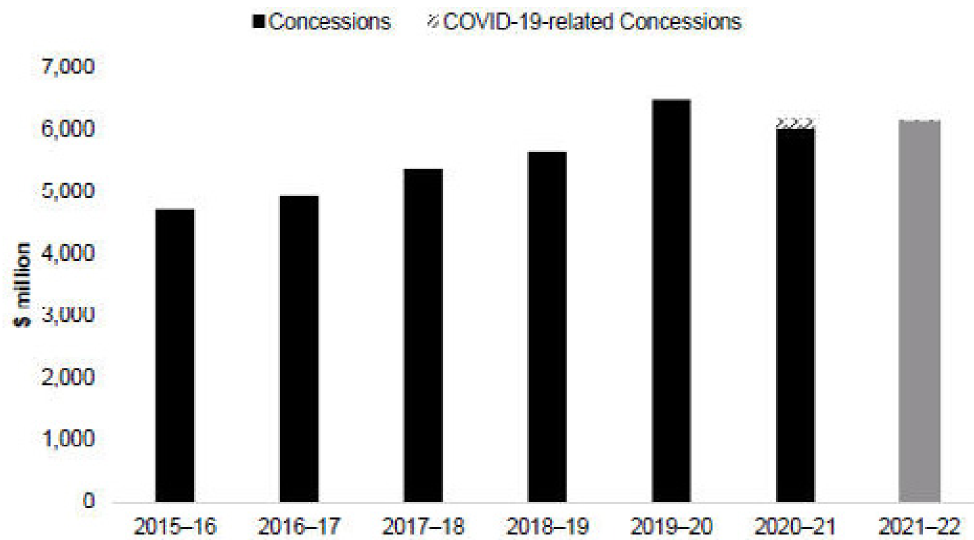
This statement highlights the cost and nature of concessions provided by the Queensland Government. It covers: concessions that are direct budget outlays (e.g. fee subsidy payments); and concessions that are revenue foregone through fees and charges set at a lower rate than applies to the wider community and other businesses or, in the case of broader concessions, deliver services to all consumers at less than the full cost of service provision.

Section A.2 sets out the specific concessions provided by the Queensland Government by agency. Section A.3 sets out the concessions provided by government-owned corporations (GOCs) and is separated into concessions by GOC, concessional leases (industry, commercial and community) by GOC and COVID-19-related measures by GOC. Within each agency or GOC, concessions are listed in descending order of value.

As highlighted in Chart A.1, the total value of all concessions is estimated to be $6.148 billion in 2021–22. This is a slight decrease from the 2020–21 estimated actual concessions of $6.181 billion. However, importantly, this 2020–21 figure included approximately $160 million worth of shorter-term COVID-19 related support measures, many of which are no longer required given Queensland's economic recovery is now well underway.

Excluding these targeted COVID-19 response measures from the previous financial year, the Queensland Government's overall concessions provided to Queenslanders have increased by nearly $120 million between 2020–21 and 2021–22.

Chart A.1 Total concessions value by year[1]



Note:

1. All years to 2018–19 are estimated actuals, 2019–20 is an actual (due to the timing of the 2020–21 Budget, an actual figure was calculated for that year), 2020–21 is an estimated actual and 2021–22 is the budgeted amount.

Explanation of scope

For the purposes of this document, concessions include:

- discounts, rebates and subsidies to improve access to, and the affordability of, a range of services for individuals, families or businesses based on eligibility criteria (e.g. relating to factors such as age, income, special needs, location, or business characteristics)
- concessional prices for government services, where the price charged to all consumers, including businesses, is less than the full cost of service provision.

Both General Government and Public Non–financial Corporations (PNFC) Sector concessions are included in this statement. Where a payment is made from a General Government Sector agency to a PNFC entity for a concession arrangement, the expenditure is reported against the General Government Sector agency only to avoid double counting.

To be included in this statement, concessions must meet the minimum materiality threshold of estimated expenditure or revenue foregone of $50,000 in 2021–22.

Varying methods have been used to estimate the cost of concessions, depending on the nature of the concessions, including:

- direct budget outlay cost (e.g. direct subsidy or rebate payments or government's contribution in the case of items such as rental subsidies)
- revenue foregone (e.g. concessional fees and charges)
- cost of goods and services provided.

For the purposes of illustration, the document often uses averages to demonstrate the potential value of the concession to recipients. However, averages are not reflective of individual circumstances, meaning the actual dollar value of the concession to individual recipients may vary from person to person or business to business.

The Concessions Statement does not include tax expenditures (e.g. tax exemptions, reduced tax rates, tax rebates and deductions). Information on tax expenditures can be found in Appendix B – Tax Expenditure Statement.

A.1 Concessions summary

Table A.1.1 Concession by entity[1]

Concession by Entity	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Agency		
Department of Agriculture and Fisheries	57.4	49.5
Department of Communities, Housing and Digital Economy	517.3	519.2
Department of Education	140.2	145.4
Department of Employment, Small Business and Training	521.0	525.5
Department of Energy and Public Works	481.4	537.6
Department of Environment and Science	3.7	2.0
Department of Justice and Attorney–General	130.4	110.6
Department of Regional Development, Manufacturing and Water	22.3	36.6
Department of Resources	46.8	3.2
Department of Seniors, Disability Services, and Aboriginal and Torres Strait Islander Partnerships	449.7	423.1
Department of State Development, Infrastructure, Local Government and Planning	3.7	0.1
Department of Tourism, Innovation and Sport	1.4	0.4
Department of Transport and Main Roads	3,345.9	3,330.5
Queensland Fire and Emergency Services	10.9	11.0
Queensland Health	299.9	311.0
Total Agency	**6,032.0**	**6,005.7**
Government-owned corporations		
Energy Queensland	31.0	38.9
Far North Queensland Ports Corporation Limited	8.6	3.7
Gladstone Ports Corporation Limited	42.6	39.6
North Queensland Bulk Ports Corporation Limited	1.7	1.6
Port of Townsville Limited	7.0	6.3
Queensland Rail Limited	8.1	2.1
Seqwater	0.4	..
Sunwater Limited	49.8	50.4
Total Government-owned corporations	**149.2**	**142.6**
Total all entities	**6,181.2**	**6,148.3**

Note: Numbers may not add due to rounding.

A.2 Concessions by agency

Table A.2.1 Department of Agriculture and Fisheries

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Primary Industry Productivity Enhancement Scheme (PIPES)	26.3	26.3
Drought Relief Assistance Scheme[1]	15.8	8.2
Drought Carry-on Finance Loan Scheme	—	3.6
Drought Ready and Recovery Finance Loan Scheme	—	3.6
Drought Preparedness Grant Scheme	—	2.0
Emergency Drought Assistance Loan Scheme	—	1.9
Vessel Tracking Rebate Scheme[2]	0.5	1.7
Farm Management Grants Program	—	1.0
Business Counselling[3]	0.7	0.7
Back to Work in Agriculture Incentive Scheme[4]	0.2	0.5
COVID-19 Jobs Support Loan Scheme[3]	13.2	—
Rent Relief Assistance[3]	0.6	—
Small Business Advisory Service[3]	0.1	—
Total	**57.4**	**49.5**

Notes:

1. The variance is due to improving seasonal conditions compared with the extreme drought of previous years.
2. The variance is due to the anticipated increase in applications in the final year 2021–22.
3. This item is part of the Queensland Government response to COVID-19.
4. The scheme commenced on 2 October 2020 and was extended statewide. The scheme is still open to ensure that an incentive program is available during the peak winter harvest period in Queensland.

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 1.65 per cent. The amounts shown in the above table represent the fair values of the interest rate concessions pertaining to loans issued in the PIPES portfolio in each of the financial years shown.

Drought Relief Assistance Scheme

As part of the Drought Assistance and Reform Package, the Drought Relief Assistance Scheme provides freight subsidies of up to 50 per cent and emergency water infrastructure rebates of up to 50 per cent to eligible applicants, up to a maximum of between $20,000 and $50,000 per property, per financial year. These concessions are only available to currently drought declared producers that do not access the new drought preparedness measures. Free financial counselling is being provided via the Rural Financial Counselling Service for producers and related small business owners.

Drought Carry-on Finance Loan Scheme

As part of the Drought Assistance and Reform Package, the Drought Carry-on Finance Loan Scheme will provide a concessional loan to eligible primary producers of up to $250,000 for carry-on finance during drought. These loans would be available where the $50,000 available from the Emergency Drought Assistance Loan Scheme is insufficient to assist the producer manage drought conditions.

The concession is calculated on the basis of a commercial reference rate of 4.31 per cent per annum and an average concessional interest rate for new lending of 1.65 per cent per annum. The amount shown in the above table represents the fair value of the interest rate concessions pertaining to loans in the financial year shown. This concession is new in 2021–22.

Drought Ready and Recovery Finance Loan Scheme

As part of the Drought Assistance and Reform Package, the Drought Ready and Recovery Finance Loan Scheme will provide a concessional loan of up to $250,000 for eligible primary producers to undertake measures identified in their Farm Business Resilience Plan that will improve the drought preparedness of producers' property. The concession is calculated on the basis of a commercial reference rate of 4.31 per cent per annum and an average concessional interest rate for new lending of 1.65 per cent per annum. The amount shown in the above table represents the fair values of the interest rate concessions pertaining to loans in the financial year shown. This concession is new in 2021–22.

Drought Preparedness Grant Scheme

As part of the Drought Assistance and Reform Package, the Drought Preparedness Grants Scheme will provide a rebate to eligible primary producers of up to $50,000 for on-farm capital improvements identified in their farm business resilience plan to improve the drought preparedness of the producers' property. This concession is new in 2021–22.

Emergency Drought Assistance Loan Scheme

As part of the Drought Assistance and Reform Package, the Emergency Drought Assistance Loan Scheme will provide an interest free concessional loan to eligible primary producers of up to $50,000 as emergency finance for carry-on activities like paying wages or creditors during drought. The concession is calculated at a rate of 4.31 per cent per annum on the basis a commercial reference rate of this amount and no interest being charged on the loan. The amount shown in the above table represents the fair values of the interest rate concessions pertaining to loans in the financial year shown. This concession is new in 2021–22.

Vessel Tracking Rebate Scheme

This initiative is designed to assist commercial fishers by providing rebates up to $970 per eligible vessel before 30 June 2022, to offset the cost of purchasing and installing approved vessel tracking units.

Farm Management Grants Program

As part of the Drought Assistance and Reform Package, the Farm Management Grants Program will provide a rebate of 50 per cent to a maximum of $2,500 to eligible primary producers for the cost of developing a farm business resilience plan for their property. The Queensland Government has allocated $1 million, which is anticipated to be matched by the Australian Government. This concession is new in 2021–22.

Business Counselling

Free and confidential small and rural business financial counselling is provided to assist business owners who are experiencing or at risk of financial hardship due to the impacts of COVID-19 on their business. The support assists clients to better understand their financial position, access financial assistance, identify long-term recovery options, implement plans and access broader professional advice and support. The service is run through the Rural Financial Counselling Services in Queensland. On average, a benefit of approximately $950 is received in financial counselling services per client. This service is available until 30 June 2021 and the program will be finalised in 2021–22.

Back to Work in Agriculture Incentive Scheme

The Back to Work in Agriculture Incentive Scheme is a pilot scheme to encourage eligible Queenslanders to meet short-term labour shortage demands in agriculture, which includes payments of up to $1,500 to assist with accommodation and transport costs associated with travelling and staying in remote locations. Phase one focused on the Wide Bay and Darling Downs and it was extended statewide in December 2020.

COVID-19 Jobs Support Loan Scheme

COVID-19 Jobs Support Loans were administered by QRIDA and provided concessional loans to assist Queensland businesses and non-profit organisations financially impacted by COVID-19 to retain employees and maintain their operations.

Concessional loans were provided of up to 50 per cent of an eligible entity’s annual wage expense, to a maximum of $250,000. A fixed interest rate of 2.5 per cent per annum applies to loans except for the first year when the loan is repayment free and no interest is charged. The next 2 years are interest only, followed by principal and interest repayments over the remaining term of the loan.

The amounts shown in the above table represent the fair values of the interest rate concessions pertaining to loans issued in each of the financial years. The value of the concession is the difference between the fair value at the market rate and the nominal value at the concessional rate. This measure ceased in 2020–21.

Rent Relief Assistance

The waiving of rent has been provided to businesses who hold a lease on government premises and have been impacted by the COVID-19 pandemic. This measure ceased in 2020–21.

Small Business Advisory Service

The Small Business Advisory Service provided free advice to small businesses who were not successful in obtaining a loan under the COVID-19 Jobs Support Loan Scheme, and were subject to closure or highly impacted by the COVID-19 pandemic shutdown restrictions, to adapt and sustain their operations and build resilience. The average value of the concession was $1,350. This measure ceased in 2020–21.

Table A.2.2 Department of Communities, Housing and Digital Economy

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Government managed housing rental rebate	460.0	461.9
National Rental Affordability Scheme	28.3	26.6
Home Assist Secure	22.5	22.9
Queensland Performing Arts Trust - Arts Concessional Entry Fees[1]	1.5	3.0
Queensland Museum - Arts Concessional Entry Fee[2]	1.4	1.7
Arts Queensland - Discount on Property Lease Rentals[3]	0.8	0.9
Rental Bond Loans	0.6	0.7
Queensland Art Gallery - Arts Concessional Entry Fees[4]	0.4	0.5
Queensland Performing Arts Trust - Venue Hire Rebates[1]	0.3	0.4
Arts Queensland - Venue Hire Rebates	0.3	0.3
State Library of Queensland - Venue Hire Rebates	0.3	0.3
COVID-19 Relief - Arts Queensland - Property Lease Rental Relief[5]	0.4	—
COVID-19 Relief - Queensland Museum - Additional Concessions[5]	0.3	—
COVID-19 Relief - Queensland Performing Arts Trust - Additional Concessions[5]	0.2	—
Non-Government Managed Housing[6]	—	—
Total	**517.3**	**519.2**

Notes:

1. Variance between 2020–21 Estimated Actual and 2021–22 Estimate is primarily due to reopening of venues and increased patronage.
2. Variance between 2020–21 Estimated Actual and 2021–22 Estimate is due to higher visitation being expected due to reopening of venues and increased patronage.
3. Variance between 2020–21 Estimated Actual and 2021–22 Estimate is primarily due to reopening of venues and increased leasing space following revitalisation works.
4. Variance between 2020–21 Estimated Actual and 2021–22 Estimate is due to Concessional entry fees which varies depending on the number and nature of ticketed exhibitions in the year.
5. This item is part of the government response to COVID-19.
6. The value of this concession arrangement cannot be easily quantified.

Government Managed Housing Rental Rebate

The Government Managed Housing Rental Rebate targets low income families and individuals and represents the difference between the estimated rents that would be payable in the private market and rent that is charged by the government based on household income.

Assistance is provided to approximately 54,300 households. The estimated average yearly subsidy per household for 2021–22 is $8,504.

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 per cent 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 2021–22, the government has allocated $26.6 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 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. Clients can also receive a one-off subsidy of $80 for the cost of materials for security related work (Security Hardware Subsidy).

Home Assist Secure targets homeowners 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 2021–22, it is estimated that over 40,000 households will be assisted.

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 Fee

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 in Toowoomba, Workshops Rail Museum in Ipswich and the Museum of Tropical Queensland in 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.

Arts Queensland – Discount on Property Lease Rentals

Property lease rentals are provided to arts and cultural organisations at a discount from market rental rates at the Judith Wright Arts Centre, Festival House and Bulmba-ja arts centre. Further discounts on specialist rehearsal and gallery space are provided as negotiated at the time of entering the lease and dependent on the individual arts or cultural organisation and its funding.

Rental Bond Loans

The government provides interest-free rental bond loans to people who cannot afford to pay a full bond to move into private rental accommodation, thereby reducing the need for more costly, subsidised housing assistance, through 2 products:

1. Bond Loans: equivalent to a maximum amount of 4 weeks rent
2. Bond Loan Plus: equivalent to a maximum amount of 6 weeks rent.

The interest-free bond loan targets low-income households and can stabilise tenancies, prevent households from entering the cycle of homelessness and engaging with fringe, high interest credit providers. The concession represents the interest saving for the client on the bond loan.

In 2021–22, $27 million in bond loans and bond loan plus may be advanced to an estimated 25,000 clients.

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 entry fees concession is to contribute to the cultural, social and intellectual development of Queenslanders, and encourage diverse audiences.

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.

Arts Queensland – Venue Hire Rebates

Venue hire rebates support Queensland Government funded arts organisations and professional artists to develop and present new work at the Judith Wright Arts Centre (formerly the Judith Wright Centre of Contemporary Arts) and Bulmba-ja arts centre (formerly the Cairns Centre of Contemporary Arts).

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.

COVID-19 Relief – Arts Queensland – Property Lease Rental Relief

Property lease rental relief is provided to arts and cultural organisations in response to impacts of COVID-19. This concession has now ceased for 2021–22.

COVID-19 Relief – Queensland Museum – Additional Concessions

Due to COVID-19 and in accordance with Queensland Government policy, rental relief was provided to arts tenants. This concession has now ceased for 2021–22.

COVID-19 Relief – Queensland Performing Arts Trust – Additional Concessions

Additional concession charges were waived to provide support for other not-for-profit theatre companies due to the COVID-19 shutdown measures. The level of assistance provided varied depending on the number and size of events. This concession has now ceased for 2021–22.

Non-Government Managed Housing

The government provides contributions to social housing providers, including capital grants, granted land or properties, or recurrent funding, to assist in improving housing affordability and access to social housing.

Due to the nature of the arrangement, particularly varying rents charged by providers based on individual circumstances of each household, 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 per cent and 30 per cent 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.2.3 Department of Education

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Textbook and Resource Allowance[1]	67.7	71.0
School Transport Assistance for Students with Disability[2]	43.9	45.7
Living Away from Home Allowance Scheme	8.1	8.1
Tuition Fee Exemptions/Waivers - Dependants of International Students[3]	7.3	7.4
Non-State Schools Transport Assistance Scheme[4]	6.2	6.3
Dalby State High School - Bunya Campus Residential Facility	2.6	2.6
Western Cape Student Residential College, Weipa	1.3	1.3
Spinifex State College - Mount Isa Student Residential Facility	1.2	1.2
Distance Education - Information and Communication Technology Subsidy Scheme	1.1	1.1
Distance Education - Non-Government Student Fee Subsidy	0.7	0.7
Plant Registration - Amusement Devices[5]	0.1	—
Total	**140.2**	**145.4**

Notes:

1. The increase between 2020–21 Estimated Actual and 2021–22 Estimate is due to enrolment growth and CPI indexation.
2. The increase between 2020–21 Estimated Actual and 2021–22 Estimate is due to anticipated increases in the number of students assisted.
3. The increase between 2020–21 Estimated Actual and 2021–22 Estimate is due to CPI indexation.
4. The increase between 2020–21 Estimated Actual and 2021–22 Estimate is due to CPI indexation.
5. This item is part of the Queensland Government response to COVID-19.

Textbook and Resource Allowance

The Textbook and Resource Allowance is available for all parents/caregivers of secondary school age students attending state and non-government schools, and children registered in home education of equivalent age, to assist with the cost of textbooks and learning resources. In schools, parents may assign this allowance to the school to reduce the fees associated with participating in the school's textbook and resource scheme. For children registered for home education, the allowance is paid directly to the parent.

In 2021, the rates per annum are $130 for students in Years 7 to 10 and $281 for students in Years 11 and 12.

School Transport Assistance for Students with Disability

The School Transport Assistance Program for Students with Disability assists eligible state school students whose disability impacts on their parents' or carers' ability to arrange their safe travel to and from school. This assistance includes co-ordinated service delivery in specially contracted taxis or minibuses, payment of fares on bus, ferry, tram and train, or an allowance for parents who make private travel arrangements for their children to school or a transport meeting point.

The benefit level is to a maximum of $400 per week, per student, however in exceptional circumstances higher amounts may be approved. A separate scheme is in place for students with disability attending non-state schools (refer to the ‘Non-State Schools Transport Assistance Scheme’).

Living Away from Home Allowance Scheme

The Living Away from Home Allowance Scheme provides financial assistance to support geographically isolated families. The scheme assists with the costs of children required to live away from home to attend school. This concession is available to Queensland students attending both state and non-state schools.

The benefits available for eligible students in 2021 are:

- Remote Area Tuition Allowance – assistance is available for primary students of up to $3,873 per annum and for secondary students of up to $5,576 per annum
- Remote Area Travel Allowance – available where the distance from the family home to the boarding location is at least 50km. Benefit levels depend on the distance travelled and range from $146 to a maximum of $1,786 per annum
- Remote Area Allowance – assistance of $2,435 per annum is available to students attending the campus of a Queensland state high school and undertaking an approved agriculture course in lieu of Years 11 and 12
- Remote Area Disability Supplement – available to students with disability who incur additional costs associated with living away from home to attend school. Benefits are up to $7,921 per student, per annum.

Tuition Fee Exemptions/Waivers – Dependants of International Students

International students who meet the approved exemption criteria and wish to enrol their child in Preparatory (Prep) Year to Year 12 of schooling are exempt from paying dependant tuition fees. The exemption only applies for the duration of the main temporary visa holder’s (parent) course of study in Queensland. A dependant student (Prep to Year 12) of a temporary visa holder may also be eligible for a tuition fee waiver in certain circumstances, including financial hardship.

The estimated average amount exempted or waived per student is $8,315 for the 2021–22 financial year.

Non-State Schools Transport Assistance Scheme

The Non-State Schools Transport Assistance Scheme directly assists families through the provision of funding towards the transport costs incurred for eligible students enrolled in non-state schools.

Under the Scheme, payments are made twice a year to the families of students enrolled in non-state schools located beyond the Brisbane City Council area where bus fare expenses are above the annual Queensland Catholic Education Commission set weekly threshold amount. In 2021, the weekly threshold is $40 per family, or $30 for families with a current Health Care Card, Pensioner Concession Card or Veterans’ Affairs Card.

The program also assists families of eligible students with disability enrolled in non-state schools. The level of assistance provided is dependent on the type of transport needed and travel assistance already provided by the Department of Transport and Main Roads (DTMR). For families using taxi travel, the benefit level is to a maximum of $300 per week, inclusive of any assistance provided through DTMR's Taxi Subsidy Scheme.

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.

Western Cape Student Residential College, Weipa

The Western Cape College - Student Residential College provides a residential schooling option for students from the Torres Strait and Cape York. This college provides an option that is more familiar for students from remote locations with the intent to increase participation and retention of secondary students in schooling. The concession targets students from the Torres Strait and Cape York seeking secondary education when their home community does not provide secondary schooling.

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

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 $1,560 per distance education subject enrolment.

This subsidises approximately 50 per cent of the total average cost per annum of providing a subject through distance education for non-government school students. The concession contributes towards the state continuing to make distance education available to non-government schools and ensuring the widest possible subject choice for students, while recovering a proportion of the teaching and overhead costs.

Plant Registration – Amusement Devices

The refund of plant item registration fees for amusement devices was available to owners of amusement devices who paid registration fees for the 2020 year. The refund was provided to support businesses with amusement devices who were impacted by the COVID-19 pandemic and were unable to operate their devices at the shows and fairs that are the main source of income for the mobile amusement device industry throughout this year.

The registration fee was dependent on the class of amusement device, however fees range from $185.30 to $396.50. This concession ceased during 2020–21.

Table A.2.4 Department of Employment, Small Business and Training

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Vocational Education and Training (VET) - Certificate 3 Guarantee Tuition Fee Subsidy[1]	241.7	240.5
User Choice - Apprentice and Trainee Training Subsidy[1]	202.0	207.0
VET - Higher Level Skills Tuition Fee Subsidy	75.0	75.0
Travel and Accommodation Subsidy	2.3	3.0
Total	**521.0**	**525.5**

Notes:

1. The variance is due to the demand driven nature of the programs.

Vocational Education and Training (VET) – Certificate 3 Guarantee Tuition Fee Subsidy

The Vocational Education and Training (VET) Certificate 3 Guarantee Tuition Fee Subsidy provides a government subsidy to allow eligible Queenslanders to obtain their first post-school Certificate III qualification to help them gain a job or to improve their employment status, including pathways for disadvantaged learners and Queensland school students (VET in Schools).

The subsidy is available to pre-approved private and public registered training organisations to subsidise tuition fees paid by students undertaking eligible vocational education and training qualifications (primarily Certificate III qualifications).

The value of this subsidy for each qualification ranges from $472 to $6,650, depending on student eligibility and qualification subsidised. The average subsidy value is $3,060.

User Choice – Apprentice and Trainee Training Subsidy

The User Choice - Apprentice and Trainee Training Subsidy program provides government funding towards the costs of training and assessment for eligible Queensland apprentices and trainees, or complementary pathways leading to apprenticeship outcomes.

The subsidy is available to pre-approved public and private registered training organisations to subsidise tuition fees to reduce the cost of nationally recognised entry level training for apprentices and trainees. The program provides greater flexibility for apprentices, trainees and their employers to select a preferred registered training organisation and to negotiate the type of training to meet their specific needs.

The value of this subsidy for each qualification ranges from $1,180 to $50,720, depending on student eligibility and qualification subsidised. The average subsidy value is $9,845.

VET – Higher Level Skills Tuition Fee Subsidy

The VET Higher Level Skills Tuition Fee Subsidy provides a government subsidy to eligible students and employers to undertake a priority Certificate IV, diploma or advanced diploma qualification or industry endorsed skill set. This program assists individuals to gain employment in a critical occupation, career advancement in a priority industry or transition to university to continue their studies.

The subsidy is available to pre-approved private and public registered training organisations to subsidise tuition fees paid by students undertaking eligible vocational education and training qualifications at Certificate IV or above.

The value of this subsidy for each qualification ranges from $1,175 to $10,370, depending on student eligibility and qualification subsidised. The average subsidy value is $4,384.

Travel and Accommodation Subsidy

The Travel and Accommodation Subsidy provides financial assistance to Queensland apprentices and trainees for travel expenses incurred in attending off the job training at a registered training organisation. To be eligible, apprentices must attend the closest registered training organisation that offers the required qualification and travel a minimum of 100km return from their usual place of residence to the registered training organisation. The subsidy provides for:

- return land travel to the registered training organisation of 21 cents per km for distances between 100km—649km, increasing to 26 cents per km for distances of 650km or more
- a return economy air ticket to the location of the registered training organisation if necessary
- cost of ferry travel if necessary
- accommodation assistance of $30 per day for overnight stay within Queensland and $72 for interstate travellers, if it is necessary to live away from their usual place of residence to attend training.

Table A.2.5 Department of Energy and Public Works

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Energy Queensland - Uniform Tariff Policy (Excluding Isolated Systems)[1]	388.0	452.0
Energy Queensland - Uniform Tariff Policy for Isolated Systems[2]	66.0	50.5
Extending Existing Drought Relief Arrangements - Electricity Charge Scheme[3]	15.0	15.0
Electricity Tariff Adjustment Scheme[4]	—	9.1
Non-residential Buildings - Subsidised Rents[5]	5.7	6.1
Origin Energy - Uniform Tariff Policy	3.0	3.0
Affordable Energy Plan - Energy Savers Program[6]	2.6	1.9
Commercial Rent Relief[7]	0.9	—
Daintree Area Scheme[8]	0.2	—
Total	**481.4**	**537.6**

Notes:

1. The non-isolated CSO will increase as a result of decisions made by the Australian Energy Regulator on Energy Queensland Limited's regulated revenue allowance for Ergon Energy relative to Energex, and the Queensland Competition Authority's determination to lower retail electricity tariffs in regional Queensland for 2021–22.
2. The reduction is due to a reduction in the cost to serve isolated communities and is forecast to reduce in 2021–22. This may be offset by a reduction in retail revenue following the determination made by the Queensland Competition Authority to lower retail electricity tariffs in regional Queensland for 2021–22.
3. Expenditure is dependent on the extent of drought conditions, the number of registered eligible parties in drought declared areas and customers seeking a rebate for fixed charges of their electricity accounts.
4. This is a new initiative for 2021–22 targeted to regional businesses to provide eligible customers with individually tailored transitional rebates to help offset the phase-out of obsolete electricity tariffs.
5. The value of this concession excludes the amount provided under the COVID-19 Commercial Rent Relief concession.
6. Estimates based on participant implementation rates reported by Queensland Rural and Industry Development Authority for month ending 30 April 2021 as program moves toward closure in 2021–22.
7. This item is part of the Queensland Government response to COVID-19.
8. This concession is not planned to continue in the 2021–22 financial year.

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.

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.

Electricity Tariff Adjustment Scheme

The Electricity Tariff Adjustment Scheme targets support to regional business electricity connections due to the phase-out of obsolete electricity tariffs from 30 June 2021. This initiative provides eligible customers with individually tailored transitional rebates to help offset the removal of obsolete tariffs and incentivise a pathway to self-sufficiency over time. Eligible businesses will receive a subsidy payment for up to 9 years.

Non-residential Buildings – Subsidised Rents

Accommodation is provided to 40 community, education, arts, and not-for-profit organisations in government-owned non-residential buildings. Tenures for the occupancies are by way of leases, licences, or month to month arrangements. Rents paid by the organisations are often below independently assessed market rent levels. Subsidised rental arrangements are provided to 25 properties comprising a total floor area of approximately 30,632 square metres. The total subsidy is calculated by deducting the actual amount paid by the occupants from the total estimated annual market rent for the office space.

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 a similar price for electricity, regardless of where they live. Origin Energy retails electricity to approximately 5,450 Queensland non-market customers in the Goondiwindi, Texas and Inglewood areas who are supplied electricity through the New South Wales Essential Energy distribution network.

The government provides a rebate to these customers, via a CSO payment to Origin Energy, to ensure they pay a similar price for electricity in Queensland. Therefore, the CSO amount depends on the relative difference between Queensland and New South Wales retail electricity tariffs for non-market customers.

Affordable Energy Plan – Energy Savers Program

The Business Energy Savers Program, an initiative under the Affordable Energy Plan, provides free energy audits for agricultural customers and large business customers, and co-contributions to fund energy efficiency upgrades. It includes an extension of the existing Energy Savers Plus Program (for agricultural businesses) and the Large Customer Adjustment Program (for large electricity users).

Under the expanded Energy Savers Plus Program, 180 audits for agricultural customers have been completed. In addition to this, co-contribution grants of up to $20,000 have been made available to assist businesses in implementing the recommendations for the audit. The free energy audits have identified up to $3 million in annual energy saving opportunities for a range of farming businesses.

Under the expanded Large Customer Adjustment Program (and preceding Trial) 21 audits of large customers have been completed and co-contribution of up to 50 per cent of implementation costs, capped at up to $250,000, are being made available to eligible customers to help encourage them to implement the audit recommendations. The free energy audits have identified up to $1.3 million in annual energy saving opportunities for a range of farming businesses.

Commercial Rent Relief

As part of the government response to COVID-19, rent relief has been provided for private commercial tenants of government buildings.

Daintree Area Scheme

In response to the pandemic, the COVID-19 Daintree Area Scheme aims to support the Daintree community by providing financial assistance to households, small businesses and non-profit organisations operating from off-grid premises in the area. Payments available under this scheme include $200 for households and $500 for small businesses and non-profit organisations.

Table A.2.6 Department of Environment and Science

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Queensland Parks and Wildlife Service - Tour Fee and Access Permits	1.6	2.0
COVID-19 Relief - Queensland Parks and Wildlife Service - National Park and State Forest Rent Relief[1]	0.6	—
COVID-19 Relief - Queensland Parks and Wildlife Service - Fee Relief to Commercial Tour Operators[1]	1.4	—
COVID-19 Relief - Queensland Parks and Wildlife Service - Waiver of Commercial Whale Watching Operator Fees[1]	0.1	—
Total	**3.7**	**2.0**

Notes:

1. This item is part of the Queensland Government response to COVID-19.

Queensland Parks and Wildlife Service – Tour Fee and Access Permits

Admission and ranger guided tour fee concessions are available at several attractions for children, pensioners and educational purposes. Vehicle access permit concessions are available in the Cooloola Recreation Area, Bribie, Moreton (Mulgumpin) and Fraser (K'gari) Islands. Camping concessions are available in all national park and state forest camping areas for educational purposes and children under 5 years of age.

COVID-19 Relief – Queensland Parks and Wildlife Service – National Park and State Forest Rent Relief

The Queensland Government supported Queensland's economic recovery from COVID-19 by providing rent relief to commercial tenant holding leases in national parks and state forests to December 2020.

COVID-19 Relief – Queensland Parks and Wildlife Service – Fee Relief to Commercial Tour Operators

The Queensland Government assisted Queensland tourism through waiving of daily activity and passenger fees for commercial tour operators operating in protected areas and state forests to March 2021.

COVID-19 Relief – Queensland Parks and Wildlife Service – Waiver of Commercial Whale Watching Operator Fees

The Queensland Government supported tourism operators impacted by COVID-19 through waiving of annual Commercial Whale Watching Fees for the 2020 season.

Table A.2.7 Department of Justice and Attorney-General

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Public Trustee of Queensland - Concessions	39.5	41.7
Court Services - Civil Court[1]	34.3	29.8
Queensland Civil and Administrative Tribunal	22.7	26.6
Blue Card - Volunteer Applicants	9.1	9.4
Body Corporate and Community Management - Dispute Resolution	2.6	2.6
Liquor Gaming and Fair Trading - Rural Hotel Concessions	0.4	0.4
Registry of Births, Deaths and Marriages - Fee Waivers	0.1	0.1
Liquor Gaming and Fair Trading - License Fees[2]	21.3	—
Liquor Gaming and Fair Trading - Rent Relief Scheme[2]	0.3	—
Court Services - Rent Relief Scheme[2]	0.1	—
Total	**130.4**	**110.6**

Notes:

1. The ongoing impacts of COVID-19 have resulted in increased expenses coupled with a decline in court fee revenue which is impacting the Estimated Actual for 2020–21. It is anticipated that this revenue will normalise in 2021–22, thereby reducing the overall estimated concession for 2021–22.
2. This item is part of the Queensland Government response to COVID-19.

Public Trustee of Queensland – Concessions

The Public Trustee of Queensland (the Public Trustee) is a self-funded organisation and uses a scale of fees which is designed to reflect a fair cost for the services provided.

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.

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.

Court Services – Civil Court

The Supreme, District and Magistrates Courts hear civil disputes between 2 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.

The ongoing impacts of COVID-19 have resulted in increased expenses coupled with a decline in court fee revenue which is impacting the Estimated Actual for 2020–21. It is anticipated that this revenue will normalise in 2021–22, reducing the overall estimated concession for 2021–22.

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 relation to 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 3 years unless cancelled or suspended earlier. Since the inception of the blue card system in 2001, the 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.

Liquor Gaming and Fair Trading – 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.

Registry of Births, Deaths and Marriages – Fee Waivers

The Registry of Births, Deaths and Marriages waives the fees for certificates provided to disadvantaged groups in the Queensland Community (e.g. Indigenous, homeless, domestic and family violence victims, etc.) and those impacted by major emergencies (e.g. natural disasters such as cyclones and bushfires).

Liquor Gaming and Fair Trading – License Fees

The *Liquor Regulation 2002* and the *Wine Regulation 2009* were amended to waive liquor and wine licence fees for the 2020–21 licence period and ceases thereafter.

Liquor Gaming and Fair Trading – Rent Relief Scheme

Rental relief was provided and represents revenue foregone. The rent relief measure ceased on 30 September 2020.

Court Services – Rent Relief Scheme

Rent relief was provided and represents revenue foregone. The rent relief measure ceased on 31 December 2020.

Table A.2.8 Department of Regional Development, Manufacturing and Water

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Sunwater Rural Irrigation Water Price Subsidy	12.5	26.0
Cloncurry Pipeline Water Supply Subsidy	6.2	6.3
Seqwater Bulk Water Rural Irrigation Water Price Subsidy	2.2	2.8
Extending Existing Drought Relief Arrangements - Water Licence Fee Waiver	1.4	1.5
Total	**22.3**	**36.6**

Sunwater Rural Irrigation Water Price Subsidy

As the owner of Sunwater, the government decides how much of Sunwater's costs are to be recovered through irrigation prices. Currently, Sunwater's irrigation water prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators.

Government funding is provided to Sunwater to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

For 3 years from 2021–22 Sunwater will will also receive additional funding to implement a 15 per cent discount on Sunwater irrigation prices. This discount will increase to 50 per cent for horticulture irrigation, with the balance of the discount to be delivered through a 35 per cent rebate administered by Queensland Rural and Industry Development Authority (QRIDA).

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. The government provides funding to NWQWP to ensure the pipeline remains commercially viable to operate while providing an affordable and safe water supply to Cloncurry.

Seqwater Bulk Water Rural Irrigation Water Price Subsidy

As the owner of Seqwater, the government decides how much of Seqwater's costs are to be recovered through irrigation prices. Currently, Seqwater's irrigation water prices for some schemes are set below the level necessary to recover the cost of supplying water to the irrigators.

Government funding is provided to Seqwater to offset the reduced revenue and to ensure that increases in water prices paid by rural irrigation customers to recover costs are gradual.

For 3 years from 2021–22 Seqwater will receive additional funding to implement a 15 per cent discount on Seqwater irrigation prices. This discount will increase to 50 per cent for horticulture irrigation, with the balance of the discount to be delivered through a 35 per cent rebate administered by QRIDA.

Extending Existing Drought Relief Arrangements – Water Licence Fee Waiver

As part of the government's drought assistance package, fees associated with an annual water licence invoice and applications for stock or domestic water licences will be waived for 2021–22.

The waiver is available to producers who hold leases in drought-declared areas and to those who have an individually droughted property.

Table A.2.9 Department of Resources

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Extending Existing Drought Relief Arrangements - Land Rental Rebates	2.1	3.2
Rent Relief Scheme - Land Rent Waivers[1]	32.2	—
Backing Explorers (Resources Sector) Waiver[1]	9.8	—
Tourism Leases, Licences and Permits[1]	2.7	—
Total	**46.8**	**3.2**

Notes:

1. This item is part of the Queensland Government response to COVID-19.

Extending Existing Drought Relief Arrangements – Land Rental Rebates

As part of the government's drought assistance package, Category 11 Grazing and Primary Production landholders under the *Land Act 1994* are eligible for a rent rebate. The rebate is available to lessees, other than those on minimum rent that are in a drought declared local government area and to individually drought declared properties. In addition to this rebate, drought declared landholders will be granted a hardship deferral for required rent payments.

Rent Relief Scheme – Land Rent Waivers

As part of the Queensland Government's commitment to support small business during the COVID-19 pandemic, $33.9 million for land rent relief was applied to *Land Act 1994* lessees, licensees or permit to occupy holders who conducted a business on state land for the period 1 April to 30 September 2020.

A further rent waiver of $14.1 million for Land Act tenure holders adversely affected by the economic conditions caused by COVID-19 was approved for the period 1 October to 31 December 2020.

Backing Explorers (Resources Sector) Waiver

As part of the Queensland Government's commitment to maintaining a strong resources sector during the COVID-19 pandemic, a 6-month rent waiver of $6.3 million for exploration permits and authority to prospect (petroleum and gas) was approved for holders whose rent was due within the period of 1 April to 30 September 2020. A further 6-month waiver of $6.6 million was approved for the period 1 October 2020 to 31 March 2021.

Under this arrangement the payment of annual rent and mining and petroleum exploration tenures, as well as the payment of the fee that is charged to holders of an authority to prospect that apply for a special amendment to their work program, were waived during the period 1 April 2020 to 31 March 2021.

Tourism Leases, Licences and Permits

Certain *Land Act 1994* leases, licences and permits for tourism purposes had their rent waived for the period 1 April 2020 to 30 September 2020 in response to the impact of COVID-19 on the tourism industry.

In August 2020, the government approved an extension to the waiver until 21 March 2021. This will result in further foregone revenue of $2.7 million, which will arise from the further rent waiver until 31 March 2021 for operating tourism leases, licences and permits in rental category 13.1.

Table A.2.10 Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Electricity Rebate Scheme[1]	210.2	228.5
Electricity Asset Ownership Dividend	106.9	100.0
Pensioner Rate Subsidy Scheme	56.3	57.4
South East Queensland Pensioner Water Subsidy Scheme	19.3	19.7
Home Energy Emergency Assistance Scheme	10.0	10.0
Reticulated Natural Gas Rebate Scheme	2.6	2.6
Electricity Life Support Concession Scheme[1]	2.3	2.5
Medical Cooling and Heating Electricity Concession Scheme[1]	2.1	2.4
Electricity Rebate - COVID-19 - Residential Household Utility Assistance Package & Small / Medium business Power Bill Relief Package[2]	40.0	—
Total	**449.7**	**423.1**

Notes:

1. Electricity price rebates are adjusted annually according to the Queensland Competition Authority's (QCA) price determination for general household electricity tariff (Tariff 11). For 2021–22, the QCA determined Tariff 11 will decrease by 7.3 per cent. However, the Queensland Government has determined existing rebate values will not be decreased and will continue to apply in 2021–22.
2. This item is part of the Queensland Government response to COVID-19.

Electricity Rebate Scheme

The Electricity Rebate Scheme provides a rebate of up to approximately $341 per annum, to assist with the cost of domestic electricity supply to the home of eligible holders of a Pensioner Concession Card, a Queensland Seniors Card, Commonwealth Health Care Card and asylum seekers or a Department of Veterans' Affairs Gold Card (who receive a War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

Electricity Asset Ownership Dividend

The Electricity Asset Ownership Dividend is providing Queensland households with a $50 electricity rebate in 2021–22. This will be the fifth dividend since 2017–18 and will be credited on residential customers' bills.

Pensioner Rate Subsidy Scheme

The Pensioner Rate Subsidy Scheme offers a 20 per cent subsidy (up to a maximum of $200 per annum) to lessen the impact of local government rates and charges on pensioners, thereby assisting them to continue to live in their own homes.

South East Queensland Pensioner Water Subsidy Scheme

The South East Queensland (SEQ) Pensioner Water Subsidy Scheme provides a subsidy of up to $120 per annum to eligible pensioner property owners in the SEQ Water Grid to lessen the impact of water prices. This subsidy is in addition to the Pensioner Rate Subsidy Scheme.

Home Energy Emergency Assistance Scheme

The Home Energy Emergency Assistance Scheme provides emergency assistance of up to $720 once in a 2-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 $76 per annum to assist with the cost of reticulated natural gas supplied to the home of eligible holders of a Pensioner Concession Card, Queensland Seniors Card or a Department of Veterans' Affairs Gold Card (who receive the War Widow/er Pension or special rate Totally or Permanently Incapacitated Pension).

Electricity Life Support Concession Scheme

The Electricity Life Support Concession Scheme is aimed at assisting seriously ill people who use home-based life support systems by providing a rebate of up to approximately $694 per annum for users of oxygen concentrators and a rebate of up to approximately $465 per annum for users of kidney dialysis machines to meet their electricity costs. The concession is paid quarterly and is subject to the patient being medically assessed in accordance with Queensland Health eligibility criteria.

Medical Cooling and Heating Electricity Concession Scheme

The Medical Cooling and Heating Electricity Concession Scheme provides a rebate of up to approximately $341 per annum for eligible concession card holders with a medical condition who have dependence on air conditioning to regulate body temperature.

Electricity Rebate – COVID-19 - Residential Household Utility Assistance Package & Small / Medium Business Power Bill Relief Package

Electricity rebates provided as a COVID-19 response initiative during the pandemic have included a $200 rebate for Residential Household Relief and a $500 rebate for small to medium enterprises. Funding in 2020–21 of $40M has been provided to continue payments for late applicants to the scheme.

Table A.2.11 Department of State Development, Infrastructure, Local Government and Planning

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
COVID-19 Rent Relief (Economic Development Queensland)[1]	3.7	0.1
Total	**3.7**	**0.1**

Notes:

1. This item is part of the Queensland Government response to COVID-19.

COVID-19 Rent Relief (Economic Development Queensland)

As part of the government's COVID-19 support, rent relief is being provided for businesses with leases with Economic Development Queensland.

Table A.2.12 Department of Tourism, Innovation and Sport

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Queensland Recreation Centres - Concessional Usage Rates	0.3	0.4
COVID-19 Advance Queensland Valley Precinct Rent Relief[1]	1.1	—
Total	**1.4**	**0.4**

Notes:

1. This item is part of the Queensland Government response to COVID-19.

Queensland Recreation Centres – Concessional Usage Rates

Concessional usage rates are offered to clients who meet the strategic objectives of Activate! Queensland, including not-for-profit sport and recreation organisations, Queensland schools and Queensland state sporting organisations, for the use of Queensland Recreation Centres, at Currimundi and Tallebudgera. These concessional rates provide a discount between 6.2 per cent to 18.1 per cent of the full charge to approximately 40,000 recipients.

COVID-19 Advance Queensland Valley Precinct Rent Relief

As part of the government's COVID-19 support, rent relief was provided for businesses which rent space at the Advance Queensland Valley Precinct to 31 December 2020.

Table A.2.13 Department of Transport and Main Roads

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
General Public Transport Concessions (South East Queensland)[1]	1,739.2	1,701.7
Rail Network and Infrastructure Funding[2]	728.4	807.0
General Public Transport Concessions (Regional Queensland)[3]	306.0	264.6
Vehicle and Boat Registration Concessions	188.0	194.3
School Transport Assistance Scheme[4]	151.0	147.0
TransLink Transport Concessions (South East Queensland)[5]	49.5	69.3
Rail Concession Scheme	39.4	40.4
Livestock and Regional Freight Contracts	40.3	38.0
Other Transport Concessions (Regional Queensland) and Taxi Subsidies	24.7	27.1
Mount Isa Line Incentive Scheme	20.0	20.0
COVID-19 Relief Measures - Transport Services[6]	42.9	12.9
Practical Driving Test	4.0	4.1
Designated Public Transport Concessions for Seniors Card Holders	4.0	4.1
COVID-19 Relief Measures - Rent Relief[6]	8.5	—
Total	**3,345.9**	**3,330.5**

Notes:

1. The decrease is due to an increase in fare revenue from patronage increases expected as part of recovery from COVID-19 in 2021–22 offset by increased rail costs for driver training and Cross River Rail readiness.
2. The increase is due to additional costs for delivery and operational readiness for Cross River Rail.
3. The decrease is due to an expected increase in fare revenue from increased patronage on TravelTrain, heritage rail services and Kuranda Scenic Railway.
4. The decrease is due to an expected reduction in cleaning costs in 2021–22 associated with COVID-19.
5. The increase is reflective of an expected increase in patronage for concession eligible passengers as part of recovery from COVID-19.
6. This item is part of the Queensland Government response to COVID-19.

General Public Transport Concessions (South East Queensland)

The General Public Transport Concessions (South East Queensland) represents the direct funding contribution that government makes towards the cost of operating public transport services within South East Queensland. This contribution effectively reduces the ticket price paid by all public transport users on bus, rail and ferry services, 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 the government provides across a range of transport services in regional Queensland. The impact of this contribution benefits all public transport users through reduced transport fares. This concession covers:

- TravelTrain (excluding the 'Rail Concession Scheme' for eligible pensioners, veterans and seniors)
- subsidies for Kuranda Scenic Railway
- subsidies for Heritage Rail Services
- subsidies for the Rail XPT Service (Sydney-Brisbane) and Savannahlander (Atherton Tableland)
- subsidies for air services to remote and rural communities within the state
- subsidies for regional bus and ferry operators (excluding concessional top up amounts and School Transport Assistance Scheme related amounts)
- subsidies for long distance coach services to rural and remote communities within the state.

Vehicle and Boat Registration Concessions

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 fee for a 6-cylinder SIV concession reduces from $538.65 to $95.85. A concession is also available for specific purposes such as water, mineral or oil exploration and bee keeping.

Eligible primary producers also receive registration concessions for their heavy vehicles, reducing their registration fees by 50 to 75 per cent. For example, a primary producer's 12-month registration fee for a two-axle truck with a Gross Vehicle Mass over 12 tonne reduces from $993.00 to $496.50. Other motor vehicle registration concessions are also provided to local governments, charitable and community service organisations, and people living in remote areas. Vessel registration concessions may be provided to accredited surf lifesaving clubs and schools.

Registration concessions for light and heavy motor vehicles and recreational boats are provided to a range of groups, including holders of the Pensioner Concession Card, Queensland Seniors Card and to those assessed by the Department of Veterans' Affairs as meeting the necessary degree of incapacity or impairment.

These concessions are 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 fee from $340.20 to $170.10. For a recreational boat up to and including 4.5 metres in length, the concession reduces the registration charge from $91.85 to $45.90.

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 current fare arrangements, approved concession groups receive at least a 50 per cent discount when compared to the same applicable adult fare.

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 4 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 per cent concession fare up to a maximum subsidy of $25 per trip.

Mount Isa Line Incentive Scheme

In recognition of the importance the Mount Isa Line plays in facilitating the transportation of freight from pit to port, from 2019–20, the Queensland Government is paying $20 million per annum to eligible freight users under the 4-year $80 million Mount Isa Line Incentive Scheme.

This payment reduces below rail access costs to further promote rail for freight, as well as supporting continued development of the North West Minerals Province.

COVID-19 Relief Measures – Transport Services

Transport services COVID-19 relief measures provided by the government include:

- funding assistance to support passenger transport aviation providers, ferry service operators and regional bus operators in Queensland
- financial assistance for the personalised transport industry
- waiving of learner licence renewal fees due to the cancellation of practical driving tests
- waiving vehicle registration cancellation fees, number plate fees and, in most cases, the costs associated with vehicle inspections on re-registration.

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 ($61.45 (inc. GST) as at 1 July 2021), providing a direct concession to applicants.

Designated Public Transport Concessions for Seniors Card Holders

Designated Public Transport Concessions for Seniors Card Holders allows visitors from interstate, who hold a state or territory Seniors Card, to access public transport concessions within Queensland and is fully funded by the Queensland Government.

COVID-19 Relief Measures – Rent Relief

As part of the government's response to COVID-19, rent relief was provided for tenants who rent space at Department of Transport and Main Roads-owned properties to 31 December 2020.

Table A.2.14 Queensland Fire and Emergency Services

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Emergency Management Levy Concession	10.5	11.0
COVID-19 Advertising Rental Abatement[1]	0.4	—
Total	**10.9**	**11.0**

Notes:

1. This item is part of the Queensland Government response to COVID-19.

Emergency Management Levy Concession

The Emergency Management Levy (EML) is applied to all prescribed Queensland property via council rates to ensure there is a secure funding base for fire and emergency services when Queenslanders are at risk during emergencies such as floods, cyclones, storms as well as fire and accidents. A 20 per cent discount is available on the EML for a property that is the owner's principal place of residence and where the owner holds a Commonwealth Pensioner Concession Card or a Repatriation Health Card (Gold Card).

COVID-19 Advertising Rental Abatement

To support Queensland's economic recovery from the impacts of COVID-19, the Queensland Fire and Emergency Services (QFES) provided rental abatement of up to 120 days on rental rates for billboard advertising located on QFES buildings.

Table A.2.15 Queensland Health

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Oral Health Scheme	175.7	175.7
Patient Travel Subsidy Scheme[1]	84.0	94.8
Medical Aids Subsidy Scheme[2]	28.7	28.7
Spectacle Supply Scheme	9.9	10.0
Hospital Car Parking Concession Scheme[3]	1.6	1.8
Total	**299.9**	**311.0**

Notes:

1. The Queensland Government allocated $94.8 million to support Queenslanders to travel to their appointments in 2020–21. Due to the increased utilisation of telehealth options, there has been no increase in the budget in 2021–22. The impacts of COVID-19 on the health service, together with travel restrictions and an increase in telehealth services, have reduced the need for patients to travel for appointments.
2. 2021–22 should see a return to normal operation and statistics reflective of the true demand that exists for MASS services pending the COVID-19 vaccine rollout.
3. Actual expenditure varies slightly from year to year in response to demand by eligible patients, the value of parking tickets and the level of subsidy provided, at each site.

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 per cent to 20 per cent 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 of 30 cents per kilometre is paid where patients travel by private car.

Accommodation subsidies are $60 per person per night for the patient and approved escort if they stay in commercial accommodation, or a subsidy of $10 per person per night if staying with family or friends.

Medical Aids Subsidy Scheme

The Medical Aids Subsidy Scheme (MASS) provides access to subsidy funding assistance for the provision of a range of aids and equipment to eligible Queensland residents with permanent and established conditions or disabilities. Aids and equipment are provided primarily to assist people to live at home therefore avoiding premature or inappropriate residential care or hospitalisation.

Subsidies vary based on service category and clinical criteria and are provided to assist with the costs of communication aids, continence aids, daily living aids, medical grade footwear, mobility aids, orthoses and oxygen. The scheme provided approximately 55,000 occasions of service to approximately 36,000 clients during 2019–20.

COVID-19 continues to affect 2020–21 however, as the year progresses, there is a gradual return to normal operations. Client numbers are expected to increase to 38,000 with approximately 57,000 occasions of service.

Spectacle Supply Scheme

The Spectacle Supply Scheme (SSS) provides eligible Queensland residents with free access to a comprehensive range of basic spectacles every 2 years including bifocals and trifocals. Applicants must be holders of eligible concession cards and be deemed by a prescriber to have a clinical need for spectacles.

The SSS provides around 90,000 items each year to approximately 70,000 clients (some clients require more than one pair of spectacles due to clinical need). The average cost of services provided to applicants is approximately $122 per item, including the costs of administering the scheme through the Medical Aids Subsidy Scheme.

Hospital Car Parking Concession Scheme

The Hospital Car Parking Concession Scheme supports Hospital and Health Services (HHSs) to provide affordable car parking for eligible patients and their carers at 14 Queensland public hospitals with paid parking. Car parking concessions are available to eligible patients and their carers who attend hospital frequently or for an extended period of time; patients and their carers with special needs who require assistance; and patients and carers experiencing financial hardship.

The scheme provides access to discounted parking with an average discount of approximately 54 per cent of the commercial cost of parking. In 2020–21, approximately 335,000 patients and carers will benefit from the scheme receiving access to 482,000 concessions.

A.3 Concessions by Government-owned corporation

Table A.3.1 Energy Queensland

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Regulated Service Charges—Ergon Energy	16.8	22.5
Regulated Service Charges—Energex	14.1	16.4
Total	**30.9**	**38.9**

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.

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.

Table A.3.2 Gladstone Ports Corporation Limited

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Concessional Port Charges	39.3	36.6
Total	**39.3**	**36.6**

Concessional Port Charges

The Gladstone Ports Corporation Limited (GPC) is subject to a number of long-term major industry contracts where port charges are significantly lower than market rates. These historical contracts were entered into to support various industries and government initiatives from time to time. The amounts shown are estimates of the revenue foregone by GPC as a result of being unable to charge commercial rates.

Table A.3.3 Sunwater Limited

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Water Supply Contracts	49.8	50.4
Total	**49.8**	**50.4**

Water Supply Contracts

Sunwater has a number of historic non-commercial water supply contracts that benefit specific entities (including local governments). The amount shown represents the difference between the estimated revenue under these contracts and that which could be recovered under a full cost allocation model.

Table A.3.4 Concessional Leases (Industry, Commercial and Community) By Entity

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Port of Townsville Limited	6.1	6.3
Gladstone Ports Corporation Limited	2.9	3.0
Queensland Rail Limited	2.1	2.1
Far North Queensland Ports Corporation Limited	1.6	1.6
North Queensland Bulk Ports Corporation Limited	1.6	1.6
Total	**14.3**	**14.6**

Concessional Leases (Industry, Commercial and Community)

The above government-owned corporation entities provide leases to various community organisations, local councils, government departments and industry participants at below commercial rates. The amounts shown are estimates of the revenue foregone by not charging commercial rates.

Table A.3.5 COVID-19-Related Measures by Entity

Concession	2020–21 Est. Act. $ million	2021–22 Estimate $ million
Far North Queensland Ports Corporation Limited	7.0	2.1
Queensland Rail Limited	6.0	—
Port of Townsville Limited	0.9	—
Gladstone Ports Corporation Limited	0.4	—
Seqwater	0.4	—
North Queensland Bulk Ports Corporation Limited	0.1	—
Energy Queensland	0.1	—
Total	**14.9**	**2.1**

COVID-19-Related Measures (Industry, Commercial and Community)

As part of the Queensland Government's COVID-19 response, the above government-owned businesses provided relief measures to support community organisations and businesses adversely affected by COVID-19.

Relief measures include temporary reductions to commercial leases, fees and other charges. The amounts shown are estimates of the revenue foregone by not charging commercial rates. To be included in the above table, concessions must meet the minimum materiality threshold of estimated revenue foregone of $50,000. Some government-owned businesses provided COVID-19 relief measures below this threshold including Sunwater, CS Energy, Stanwell and CleanCo.

Appendix B: Tax expenditure statement

Context

Governments employ a range of policy tools to achieve social and economic objectives. These include the use of direct budgetary outlays, regulatory mechanisms and taxation.

This Tax Expenditure Statement (TES) details revenue forgone as a result of Queensland Government decisions relating to the provision of tax exemptions or concessions. The TES is designed to improve transparency in the use of tax expenditures and increase public understanding of the fiscal process.

Tax expenditures are reductions in tax revenue that result from the use of the taxation system as a policy tool to deliver government policy objectives. Tax expenditures are provided through a range of measures, including:

- tax exemptions, rebates or deductions
- the application of reduced tax rates to certain groups or sectors of the community
- provisions, which defer payment of a tax liability to a future period.

Labelling an exemption or concession as a tax expenditure does not necessarily imply any judgement as to its appropriateness. It merely makes the amount of the exemption or concession explicit and thereby facilitates its scrutiny as part of the annual budget process.

COVID-19 and implications for tax expenditure

The impact of the COVID-19 pandemic on Queensland businesses has been significant and the Queensland Government moved quickly to introduce substantial tax relief measures to support Queensland businesses, particularly small to medium businesses. These initiatives were primarily aimed at supporting the cashflow and viability of Queensland businesses, landlords, tenants, and the state’s pubs and clubs.

The key relief measures fell under 3 categories:

- direct refunds, holidays, rebates or waivers of tax liabilities – refunds, holidays and waivers of payroll tax liabilities; and a 25 per cent rebate and waiver of foreign surcharge on land tax
- deferrals of tax liabilities – various deferrals of payroll tax, land tax, gaming machine tax and lotteries tax
- exemptions – eligible JobKeeper payments were exempted from payroll tax.

The impact of these measures has resulted in a significant increase in forgone revenue, most notably in 2019–20, although some measures continue to impact revenue in 2020–21.

Methodology

Revenue forgone approach

The method used almost exclusively by governments to quantify the value of their tax expenditures is the revenue forgone approach. This method estimates the revenue forgone 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 forgone approach is that effects on taxpayer behaviour resulting from tax expenditures are not factored into the estimate. Consequently, the aggregation of costings for individual tax expenditure items presented in the TES will not necessarily provide an accurate estimate of the total level of assistance provided through tax expenditures.

Additionally, while total COVID-19 relief is included in the TES, some relief was treated as a grant expense, for example in relation to rebates of already-paid tax liabilities. In these cases, the associated tax expenditure did not reduce revenues.

Measuring tax expenditures requires the identification of:

- a benchmark tax base
- concessionally taxed components of the benchmark tax base such as a specific activity or class of taxpayer
- a benchmark tax rate to apply to the concessionally taxed components of the tax base.

Defining the tax benchmark

The most important step in the preparation of a TES is the establishment of a benchmark for each tax included in the statement. The benchmark provides a basis against which each tax concession can be evaluated. The aim of the benchmark is to determine which concessions are tax expenditures as opposed to structural elements of the tax. The key features of a tax benchmark are:

- the tax rate structure
- any specific accounting conventions applicable to the tax
- the deductibility of compulsory payments
- any provisions to facilitate administration
- provisions relating to any fiscal obligations.

By definition, tax expenditures are those tax concessions not included as part of the tax benchmark.

Identification of benchmark revenue bases and rates requires a degree of judgement and is not definitive. Furthermore, data limitations mean that the tax expenditures are approximations and are not exhaustive. This statement does not include estimates of revenue forgone 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 2019–20 and 2020–21 for payroll tax, land tax, duties, the waste disposal levy and gambling taxes. A summary of the major tax expenditures valued on the basis of revenue forgone is presented in Table B.1. Not all expenditures can be quantified at this time. Accordingly, the total value of tax expenditures should be considered as indicative only.

Table B.1 Tax expenditure summary[1]

	2019–20[2] $ million	2020–21 $ million
Payroll tax		
Exemption threshold	898	882
Graduated tax scale	41	41
Deduction scheme	436	429
Regional discount	90	88
COVID-19 relief[3]	254	233
Section 14 exemptions	747	748
Local government	165	168
Education	189	193
Hospitals (excluding public hospitals)	61	62
Charities	331	325
Apprentice and trainee exemption	57	56
Apprentice and trainee rebate	27	27
Employee growth rebate	0	12
Total payroll tax	**2,549**	**2,516**
Land tax		
Liability threshold[4]	794	859
Graduated land tax scale	1,430	1,523
Principal place of residence exemption	301	319
Primary production exemption	123	133
Part 6 Divisions 2 and 3 exemptions not included elsewhere[5]	151	152
Land developers' concession	21	20
COVID-19 relief[3]	181	60
Total land tax	**3,000**	**3,066**
Duties		
Transfer duty		
Home concession	381	527
First home concession	216	294
First home vacant land	21	63
AFAD exemption/ex gratia	8	6
Insurance duty		
WorkCover	70	70
Health insurance	466	488
Compulsory third party (CTP)[6]	86	89
Total duties	**1,248**	**1,537**

Queensland waste levy		
Exempt waste – general	127	129
Approved exemptions	72	88
Approved discounts	13	14
Total waste levy	**212**	**231**
Taxes on gambling		
Gaming machine taxes	85	121
Casino taxes	7	6
Total gambling tax	**92**	**127**
Total	**7,101**	**7,477**

Notes:

1. Numbers may not add due to rounding.
2. 2019–20 estimates may have been revised since the 2020–21 Queensland Budget.
3. Significant relief was provided after revenue had already been accrued and therefore the funding provided for these measures were treated as refunds via grant expenses. This expense, along with any interest cost of deferred payments, has not been included in this table.
4. Land tax is payable only on the value of taxable land above a threshold, depending on ownership structure.
5. Applicable, but not limited to; religious bodies, public benevolent institutions, and other exempt charitable institutions.
6. CTP duty is levied at a rate of 10 cents per policy.

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*.

Payroll tax exemption threshold

From 1 July 2019, employers who employ in Queensland with an annual Australian payroll of $1.3 million or less are exempt from payroll tax. On the basis of November 2020 average weekly adult total earnings, the new threshold corresponded to businesses with payrolls equivalent to employing approximately 15 full-time equivalent employees. This exemption is designed to assist small and medium sized businesses.

Graduated payroll tax scale

Queensland employers with Australian payrolls between $1.3 million and $6.5 million are liable for payroll tax at a rate of 4.75 per cent, and those with payrolls above $6.5 million are liable at a rate of 4.95 per cent. The benchmark tax rate for payroll tax is assumed to be 4.95 per cent.

Deduction scheme

Queensland employers with Australian payrolls between $1.3 million and $6.5 million benefit from a deduction of $1.3 million, which reduces by $1 for every $4 by which the annual payroll exceeds $1.3 million, with no deduction for employers or groups that have annual payroll in excess of $6.5 million.

Regional discount

Employers who are based in regional Queensland and pay over 85 per cent of taxable wages to regional areas may be entitled to a discount on the rate of payroll tax imposed on their taxable wages. The discounted payroll tax rates for regional businesses are 3.75 per cent for employers who pay $6.5 million or less in Australian taxable wages, or 3.95 per cent for employers who pay more than $6.5 million in Australian taxable wages.

COVID-19 relief – payroll tax

In response to the COVID-19 pandemic, a number of payroll tax relief measures were implemented to assist Queensland businesses that resulted in forgone revenue in 2019–20 and 2020–21, including:

- A 3-month payroll tax holiday for small businesses
- Exemption from payroll tax of the subsidised component of the Australian Government's JobKeeper payment
- A 2-month payroll tax waiver for small businesses.

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 charities for employees working in hospitals, non-tertiary private educational institutions and for other qualifying exempt purposes, and for local governments (excluding commercial activities).

Apprentice and trainee exemptions

Most apprentice and trainee wages are exempt from payroll tax. To be eligible the employee must sign a training contract with their employer to undertake an apprenticeship or traineeship declared under the *Further Education and Training Act 2014*.

Apprentice and trainee rebate

In addition to being exempt wages for payroll tax, a rebate can be claimed that reduces the overall payroll tax liability of an employer. The rebate is calculated by multiplying 50 per cent of the apprentice and trainee wages by the applicable payroll tax rate for each return period.

Employment growth rebate

For 2019–20 and 2020–21, a payroll tax rebate of up to $20,000 is available to eligible employers who demonstrate a net employment increase in the number of new Queensland full-time positions over a full financial year. The rebates are calculated as part of annual returns due in July of each year, with the 2019–20 rebate reflected as a tax expenditure in 2020–21.

Land tax

The benchmark tax base is assumed to be all freehold land within Queensland. The benchmark tax rate for land tax is either the top rate of land tax applicable in Queensland (excluding surcharges) in each financial year, or the effective rate under the graduated scale of land tax rates.

Liability threshold

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.

Graduated land tax scale

A graduated (concessional) scale of land tax rates is applicable to land holdings with a taxable value of less than $10 million for resident individuals and companies, trustees and absentees. The benchmark rates used for estimating the tax expenditures were 2.25 per cent for individuals, 2.5 per cent for absentees and 2.75 per cent for companies and trustees.

Principal place of residence exemption

Land owned by resident individuals as their principal place of residence is excluded from the estimate of taxable land value in calculating land tax.

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 per cent of the Valuer-General's value. This concession is outlined in Section 30 of the *Land Tax Act 2010*.

COVID-19 relief – land tax

In response to the COVID-19 pandemic, a number of relief measures were implemented to assist landowners and tenants that resulted in forgone revenue in 2019–20 and 2020–21, including:

- a 25 per cent rebate on the 2019–20 and 2020–21 land tax liability for eligible land owners that provided commensurate rent relief to COVID-19 impacted tenants, or that are unable to secure tenants due to COVID-19.
- the waiver of the 2 per cent foreign land tax surcharge in 2019–20.

Duties

Home concession

A concessional rate of duty applies to purchases of a principal place of residence. A one per cent concessional rate applies on dutiable values up to $350,000, rather than the normal schedule of rates between 1.5 per cent and 3.5 per cent. 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, phasing out at $550,000.

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.

Additional foreign acquirer duty exemption

An Australian-based foreign corporation or trust whose commercial activities involve significant development by adding to the supply of housing stock in Queensland, where such development is primarily residential, may be eligible for ex-gratia relief from the additional 7 per cent additional foreign acquirer duty.

Insurance duty

The benchmark tax base is assumed to be all premiums for general insurance policies (not for life insurance). The benchmark tax rate is 9 per cent.

Queensland Waste Levy

The Queensland Waste Levy is payable by landfill operators on waste disposed to landfill, except waste generated and disposed in the non-levy zone. The benchmark levy rate was $75 per tonne from July 2020 to December 2020 and $80 per tonne from January 2021 to June 2021 (higher for regulated wastes).

General levy exemptions exist for particular wastes, such as those from declared disasters and severe local weather events. Also, levy exemptions are available on application for other particular wastes, such as waste from charitable recycling organisations and community clean-up events. Levy discounts of 50 per cent are available on application for residue wastes from particular recycling activities.

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 per cent of gross revenue applies for standard transactions in the Brisbane and Gold Coast casinos. A concessional tax rate of 10 per cent applies for gross revenue from standard transactions in the Cairns and Townsville casinos. The tax rate applicable to gaming machines in casinos is 30 per cent of gross revenue in the Brisbane and Gold Coast casinos, and 20 per cent in the Cairns and Townsville casinos.

In addition, concessional rates of 10 per cent also apply for revenue from high rollers table game play in all casinos. A GST credit is provided to casinos that approximates a reduction in the above tax rates of 9.09 per cent.

Appendix C: Revenue and expense assumptions and sensitivity analysis

The 2021–22 Queensland Budget, similar to all other jurisdictions, is based in part on assumptions made about parameters, both internal and external to Queensland, which can impact directly on economic and fiscal forecasts.

The sensitivity of revenue and expense forecasts to movements in underlying assumptions is particularly relevant given the almost unprecedented uncertainty in global and national economic conditions and key economic parameters in the context of the COVID-19 crisis.

The forward estimates in the 2021–22 Budget are framed on a no-policy-change basis. That is, the expenditure and revenue policies in place at the time of the budget (including those announced in the budget) are applied consistently throughout the forward estimates period.

Table C.1 shows the main components of taxation and royalty revenue, and the forecast revenues for each component across the forward estimates.

Table C.1 Taxation and royalty revenue[1]

	2019–20 Actual $ million	2020–21 Est. Act. $ million	2021–22 Budget $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Payroll tax	4,211	4,192	4,484	4,741	5,011	5,263
Transfer duty	3,041	3,693	4,598	4,100	3,796	4,040
Other duties	1,583	1,771	1,830	1,839	1,917	1,999
Gambling taxes and levies	1,258	1,565	1,553	1,606	1,672	1,730
Land tax	1,406	1,493	1,617	1,686	1,802	1,931
Motor vehicle registration	1,910	1,987	2,044	2,103	2,169	2,242
Other taxes	1,175	1,206	1,273	1,322	1,365	1,403
Total taxation revenue	**14,585**	**15,907**	**17,399**	**17,397**	**17,731**	**18,608**
Royalties						
Coal	3,517	1,745	2,048	2,550	2,778	2,943
Petroleum[2]	466	298	632	551	618	625
Other royalties[3]	549	479	487	466	485	480
Land rents	154	146	174	177	179	182
Total royalties and land rents	**4,686**	**2,667**	**3,341**	**3,743**	**4,060**	**4,229**

Notes:
1. Numbers may not add due to rounding.
2. Includes liquefied natural gas (LNG).
3. Includes base and precious metal and other mineral royalties.

This appendix outlines the assumptions underlying the revenue and expense estimates, and analyses the sensitivity of the estimates to changes in key economic and other assumptions. This analysis is provided to enhance the level of transparency and accountability of the government.

The following discussion provides details of some of the key assumptions, estimates and risks associated with revenue and expenditure forecasts. Where a direct link can be established, the indicative impact on forecasts resulting from a movement in those variables is provided.

Taxation revenue assumptions and revenue risks

The rate of growth in tax revenues is dependent on a range of factors 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 or wages.

A change in the level of economic activity, resulting from economic growth differing from forecast growth, would impact upon a broad range of taxation receipts.

Wages and employment growth – payroll tax collections

Wages and employment growth have a direct impact on payroll tax collections. In 2021–22, wages in Queensland are forecast to increase by 2¼ per cent, while employment is forecast to rise 3 per cent in 2021–22.

The composition of the payroll tax base is also important as businesses in sectors such as tourism, retail and hospitality are often outside the tax base because they are below a threshold. A one percentage point variation in either Queensland wages growth or employment would change payroll tax collections by approximately $45 million in 2021–22.

Transfer duty estimates

Transfer duty collections in 2021–22 are expected to increase by 24.5 per cent compared with 2020–21 estimated actuals, supported by continued strength in residential housing transactions and further growth in dwelling prices.

Across the 3 years ending 2024–25, an annual average decline of around 4 per cent is expected in total transfer duty, primarily reflecting a moderation in the level of activity in the residential sector beyond 2021–22.

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 $46 million in 2021–22.

Royalty assumptions and revenue risks

Table C.2 below provides the 2021–22 Budget assumptions regarding coal royalties, which represent the bulk of Queensland's royalty revenue.

Table C.2 Coal royalty assumptions

	2020–21 Est. Act.	2021–22 Budget	2022–23 Projection	2023–24 Projection	2024–25 Projection
Tonnages—crown export[1] coal (Mt)	186	186	206	218	228
Exchange rate US$ per A$[2]	0.75	0.76	0.75	0.75	0.75
Year average coal prices (US$ per tonne)[3]					
Hard coking	116	130	140	143	145
Semi-soft	95	104	109	110	111
Thermal	71	76	74	74	74
Year average oil price					
Brent (US$ per barrel)[4]	41	60	58	60	60

Notes:

1. Excludes coal produced for domestic consumption and coal where royalties are not paid to the government, that is, private royalties. The 2021–22 estimate for domestic coal volume is approximately 23.4 million tonnes (Mt) and private coal is 14.9 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 2021–22 as follows: hard coking US$122/t and thermal US$71/t.
4. Published Brent oil prices are lagged by 4 months to better align with royalty revenue.

Exchange rate and commodity prices and volumes

Estimates of mining royalties are sensitive to movements in the A$-US$ exchange rate and commodity prices and volumes.

Contracts for the supply of commodities are generally written in US dollars. Accordingly, a change in the exchange rate impacts on the Australian dollar price of commodities and, therefore, expected royalty collections.

Potential impact on coal royalty revenue[1]

For each one cent movement in the A$-US$ exchange rate in 2021–22, the impact on royalty revenue would be approximately $44 million.

A one per cent variation in export coking and thermal coal volumes would lead to a change in royalty revenue of approximately $21 million. A one million tonne (Mt) variation would lead to a change in royalty revenue of approximately $10 million.

A one per cent variation in the average price of export coal would lead to a change in royalty revenue of approximately $33 million.

1 Sensitivities represent the estimated change to royalty revenue accruing over the 2021–22 return period.

Parameters influencing Australian Government GST payments to Queensland

The 2021–22 Budget incorporates estimates of GST revenue grants to Queensland based on Australian Government estimates of national GST collections and Queensland Treasury assumptions of Queensland's share. The estimates of collections are primarily determined by the value of national consumption subject to GST.

Since the Australian Government payments are based on the amount actually collected, it is the Queensland 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 national 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 insufficient to prepare indicative estimates of the sensitivity of GST forecasts 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 2021–22 Budget and forward estimates reflect growth in full-time equivalent and wage increases consistent with existing agreements and expectations of future bargaining agreements where outcomes are yet to be finalised.

Interest rates

The General Government Sector has a total debt servicing cost forecast at $1.667 billion in 2021–22. The current average duration of General Government Sector borrowing with the Queensland Treasury Corporation (QTC) is 6.7 years. The majority of General Government Sector debt is held under fixed interest rates and, therefore, the impact of interest rate variations on debt servicing costs in 2021–22 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 the 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 indicator

Table D1 Key Fiscal Aggregates

	2013–14 Actual[1] $ million	2014–15 Actual[1] $ million	2015–16 Actual[1] $ million	2016–17 Actual[1] $ million	2017–18 Actual[1] $ million	2018–19 Actual[1] $ million	2019–20 Actual[1] $ million	2020–21 Est. Act. $ million	2021–22 Projection $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
General Government												
Total revenue	46,705	49,970	50,780	56,194	58,087	59,828	57,764	60,396	63,664	65,711	68,408	70,367
Tax revenue	11,840	12,598	12,547	12,919	13,244	14,165	14,585	15,907	17,399	17,397	17,731	18,608
Total expenses	46,217	49,551	50,112	53,369	56,337	58,843	63,498	64,199	67,148	68,151	69,376	70,214
Employee expenses	17,816	18,592	20,045	21,258	22,681	24,019	25,660	26,284	27,474	28,598	29,337	30,344
Net operating balance	488	420	668	2,825	1,750	985	(5,734)	(3,803)	(3,485)	(2,440)	(968)	153
Capital purchases	6,323	4,635	4,044	4,620	5,126	5,764	6,291	6,965	7,800	7,786	7,275	7,041
Net capital purchases	3,085	996	1,163	2,265	2,337	3,192	3,424	4,356	4,480	3,939	2,661	2,232
Fiscal balance	(2,597)	(576)	(495)	560	(587)	(2,207)	(9,158)	(8,159)	(7,965)	(6,379)	(3,630)	(2,079)
Borrowing with QTC	39,864	41,343	34,200	31,358	29,256	29,468	37,570	47,102	57,240	67,110	73,265	77,761
Leases and similar arrangements[2]	1,503	1,761	1,286	1,882	2,142	2,612	6,499	7,779	7,603	7,471	7,780	7,623
Securities and Derivatives	1	(0)	(0)	(0)	122	121	198	198	198	198	198	198
Net debt	5,208	5,749	654	(355)	(509)	(198)	14,046	15,808	24,750	33,326	39,019	42,573
Non-financial Public Sector												
Total revenue	53,502	56,178	57,393	64,855	66,164	68,329	66,156	68,464	70,934	73,088	75,821	78,074
Capital purchases	9,313	7,811	6,852	7,291	7,643	8,460	9,467	10,456	11,513	11,440	10,572	10,368
Borrowing with QTC	70,668	73,256	71,160	69,107	66,964	67,576	76,464	87,327	97,896	107,892	114,243	119,130
Leases and similar arrangements[2]	1,752	1,802	1,316	1,882	2,142	2,612	6,991	8,227	8,009	7,843	8,118	7,925
Securities and Derivatives	216	175	446	895	405	720	1,505	259	436	333	320	325

Notes:

1. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated to ensure comparability.
2. Approximately $2.2 billion increase in General Government and $2.6 billion in NFPS in 2019-20 on adoption of the new lease accounting standard AASB 16.

Table D2 Key Fiscal Indicators

	2013–14 Actual[1] %	2014–15 Actual[1] %	2015–16 Actual[1] %	2016–17 Actual[1] %	2017–18 Actual[1] %	2018–19 Actual[1] %	2019–20 Actual[1] %	2020–21 Est. Act. %	2021–22 Projection %	2022–23 Projection %	2023–24 Projection %	2024–25 Projection %
General Government												
Revenue/GSP	16.1	16.9	16.8	17.1	16.5	16.3	16.0	16.4	16.1	15.8	15.7	15.4
Tax/GSP	4.1	4.3	4.2	3.9	3.8	3.9	4.0	4.3	4.4	4.2	4.1	4.1
Own source revenue/GSP	8.6	8.9	8.9	8.8	8.6	8.6	8.3	7.8	8.0	7.8	7.6	7.4
Expenses/GSP	16.0	16.8	16.6	16.2	16.0	16.0	17.6	17.4	17.0	16.4	15.9	15.3
Employee expenses/GSP	6.2	6.3	6.6	6.5	6.5	6.5	7.1	7.1	7.0	6.9	6.7	6.6
Net operating balance/GSP	0.2	0.1	0.2	0.9	0.5	0.3	(1.6)	(1.0)	(0.9)	(0.6)	(0.2)	0.0
Capital purchases/GSP	2.2	1.6	1.3	1.4	1.5	1.6	1.7	1.9	2.0	1.9	1.7	1.5
Net cash inflows from operating activities/Netcash flows from investments in non-financial assets	45.9	97.5	122.9	134.2	107.0	105.5	(3.0)	(18.9)	6.5	8.1	36.3	54.8
Fiscal balance/GSP	(0.9)	(0.2)	(0.2)	0.2	(0.2)	(0.6)	(2.5)	(2.2)	(2.0)	(1.5)	(0.8)	(0.5)
Total borrowings/GSP	14.3	14.6	11.7	10.1	9.0	8.8	12.3	14.9	16.5	18.0	18.6	18.7
Total Borrowings/Revenue	88.6	86.3	69.9	59.2	54.3	53.8	76.6	91.2	102.2	113.8	118.8	121.6
Lease and other liabilities/revenue	3.2	3.5	2.5	3.3	3.7	4.4	11.3	12.9	11.9	11.4	11.4	10.8
Net debt/revenue	11.2	11.5	1.3	(0.6)	(0.9)	(0.3)	24.3	26.2	38.9	50.7	57.0	60.5
Revenue growth	11.9	7.0	1.6	10.7	3.4	3.0	(3.5)	4.6	5.4	3.2	4.1	2.9
Tax growth	8.3	6.4	(0.4)	3.0	2.5	7.0	3.0	9.1	9.4	(0.0)	1.9	4.9
Expenses growth	(0.2)	7.2	1.1	6.5	5.6	4.4	7.9	1.1	4.6	1.5	1.8	1.2
Employee expenses growth	(1.7)	4.4	7.8	6.1	6.7	5.9	6.8	2.4	4.5	4.1	2.6	3.4
Non-Financial Public Sector												
Capital purchases/GSP	3.2	2.6	2.3	2.2	2.2	2.3	2.6	2.8	2.9	2.8	2.4	2.3
Total borrowings/GSP	25.1	25.5	24.1	21.9	19.8	19.3	23.5	25.9	27.0	27.9	28.1	27.8
Total Borrowings/Revenue	135.8	133.9	127.1	110.8	105.1	103.8	128.4	139.9	149.9	158.8	161.8	163.2
Net financial liabilities/revenue	129.8	125.2	127.4	111.2	111.5	114.9	146.5	138.1	145.5	151.0	151.1	149.2

Notes:

1. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated to ensure comparability. GSP figures reflect 2019-20 ABS National Accounts: State Accounts.

Queensland Budget 2021–22

Budget Strategy and Outlook Budget Paper No. 2

QUEENSLAND BUDGET 2021–22

Unite & Recover

CAPITAL STATEMENT

BUDGET PAPER NO. 3

Queensland Government

2021–22 Queensland Budget Papers

1. Budget Speech

2. Budget Strategy and Outlook

3. Capital Statement

Service Delivery Statements

Appropriation Bills

Budget Highlights

Regional Action Plans

Translating and interpreting assistance

The Queensland Government is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. If you have difficulty in understanding this publication, you can contact us on telephone (07) 3035 3503 and we will arrange an interpreter to effectively communicate the report to you.

Capital Statement
Budget Paper No. 3

ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)

Queensland Government

State Budget
2021–22

Capital Statement

Budget Paper No. 3

Contents

1 Approach and highlights

Features

- The Queensland Government is committed to delivering productivity-enhancing economic and social infrastructure. This will support the economic recovery and unlock the productive capacity that will drive sustainable economic growth, increased employment and higher quality of life.
- The 2021–22 capital program will deliver jobs in the short term and economic growth over the long term. The capital investment delivered by this Budget builds on the Palaszczuk Government's infrastructure commitments outlined in Queensland's *Economic Recovery Plan* to support the state's recovery from the impacts of COVID-19.
- This Budget continues to deliver on the Government's $50 billion Infrastructure Guarantee, with total commitments of $52.216 billion over 4 years. These investments will be critical to lowering business input costs, as well as improving regional connectivity and access to essential services, such as health care and education. Over the 10 years to 2024–25, the government will have supported over $110 billion in infrastructure works.
- The capital program directly supports around 46,500 construction-related jobs in 2021–22, including 29,800 jobs outside of the Greater Brisbane region.
- In 2021–22, the government will invest $14.688 billion in capital across the state, including $6.902 billion in transformative transport infrastructure such as $1.517 billion to continue construction work on Cross River Rail and substantial ongoing investment to fund major upgrades to the M1 Pacific Motorway, the Bruce Highway and inland freight routes.
- Capital expenditure to support the delivery of health services is $1.352 billion in 2021–22. The government is providing $265 million to build 7 satellite hospitals to enable our acute hospitals to safely manage patients via alternative models of care across South East Queensland. The satellite hospitals will also provide virtual health opportunities including a range of rapid access consultations, care co-ordination, remote monitoring and patient literacy services.
- The government is also investing $283.7 million in 2021–22 as part of the $979 million Building Better Hospitals commitment. This program is a key priority to help address growing demand by enhancing public hospital capacity and services in the South East Queensland growth corridor.
- The government will invest $1.521 billion in 2021–22 to support students and teachers, and to ensure that Queensland's state schools and training assets are world-class and continue to meet demand. Investment in new schools is being facilitated through the $2.6 billion Building Future Schools Program, while the $1 billion Great Schools, Great Future commitment is helping provide new classrooms and facilities at existing schools to meet growing enrolments.
- To help enhance the productive capacity of Queensland's businesses, industries, communities and regions, the government will invest $2.745 billion in 2021–22 to

maintain and upgrade energy and water assets to support the ongoing delivery of safe, secure, reliable and cost-effective energy and water across the state.

- Delivery of the Rookwood Weir will be co-funded with the Australian Government and will add up to 86,000 megalitres of extra water supply for the Central Queensland region. The project will grow agricultural production along the Fitzroy River and enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast centres.
- The government is committing $1.813 billion, including $502.6 million in 2021–22, to accelerate the supply of social housing and upgrade the existing social housing portfolio in line with the *Queensland Housing Strategy 2017–2027*, with 2,480 new homes either delivered or commenced and a further 6,365 to commence over the next 4 years.
- A key element of the government’s capital program is providing grants to local governments and non-government organisations to support their work within communities across Queensland. In total, the government will provide $2.082 billion in capital grants in 2021–22. This includes a new $200 million commitment to the government’s Works for Queensland program, which is supporting jobs and providing economic stimulus to local economies, and brings the total funding for this program to $1 billion.

1.1 Introduction

Consistent with the Queensland Government's *Economic Recovery Plan* , the 2021–22 Capital Statement outlines the State's investment in critical infrastructure across Queensland that will drive the ongoing economic recovery, deliver jobs in the short term, and improve productivity and business competitiveness over the long term.

The Capital Statement presents an overview of the Queensland Government's proposed capital outlays for 2021–22 and articulates the State's infrastructure delivery program.

The 2021–22 capital program will deliver productive infrastructure investment across a range of asset classes, regions and sectors. This includes major investments in roads and transport infrastructure, clean energy, water security, ports, as well as upgrades to major arts, sporting and entertainment venues.

Key programs such as Works for Queensland and Building our Regions will provide additional benefits to regional Queensland through direct funding for infrastructure and maintenance programs that support jobs.

The $14.688 billion of investment outlined in the 2021–22 Capital Statement is estimated to support around 46,500 jobs, with 29,800 of these jobs located outside of the Greater Brisbane region.

Importantly, maintaining a strong capital program will ensure Queensland's economic recovery continues to gather momentum by building Queensland's productive capacity to drive sustainable economic and employment growth, supporting a better quality of life for all Queenslanders.

1.2 Capital planning and optimisation

The Queensland Government's well-established and coordinated infrastructure planning frameworks underpin the development of major capital investment.

These frameworks guide the delivery of a capital program that reflects the most appropriate, cost-effective approach to address the service needs and infrastructure challenges facing Queensland. They contribute to infrastructure investment that supports our recovery from the impacts of COVID-19, builds economic resilience and future prosperity, and advances the long-term objectives of the Government and its *Economic Recovery Plan*.

Key planning and optimisation elements of Queensland's infrastructure framework include the *State Infrastructure Strategy*, the *Queensland Government Infrastructure Pipeline*, the *Project Assessment Framework* for evaluating investment proposals, the *Business Case Development Framework* which guides agencies through development of major infrastructure proposals, and the *Queensland Transport and Roads Investment Program* which forms a significant proportion of the capital program.

The Queensland Government Infrastructure Pipeline

The Queensland Government publishes a forward program of capital works, formerly known as the *State Infrastructure Plan: Part B*. This has evolved to become the *Queensland Government Infrastructure Pipeline*, which will detail the State's forward program of capital works.

This will provide greater visibility of a credible pipeline of future opportunities to the State's partners in the infrastructure industry.

State Infrastructure Strategy (SIS) and Regional Infrastructure Plans (RIPs)

The Queensland Government is committed to continually improving its approach to infrastructure planning to create prosperous communities, local jobs and more liveable, resilient regions and to attract private investment. With Queensland's infrastructure needs transforming due to population growth, changing demographics, emerging technology, the impacts of COVID-19 and other factors, it presents an opportunity to develop a new SIS supported by 7 RIPs.

The SIS and RIPs will provide a clear vision for infrastructure in Queensland, build on Queensland's *Economic Recovery Plan*, and respond to current and emerging challenges across Queensland. The RIPs will enable a more place-based approach that better reflects the unique strengths and opportunities of each region, provide confidence to industry to attract private sector investment and create local jobs.

Both the SIS and the RIPs are being developed through targeted engagement with key stakeholders who will help shape the future of Queensland. A draft SIS will be delivered in late 2021 with the RIPs to be delivered progressively from late 2021 into 2022.

Project Assessment Framework (PAF)

The PAF is used across the Queensland Government to ensure a common and rigorous approach to assessing projects at critical stages in their development lifecycle.

Led and maintained by Queensland Treasury, the PAF is applied by government departments in the evaluation of infrastructure projects, public private partnerships and other proposals for the acquisition of services.

Business Case Development Framework (BCDF)

The BCDF supports the implementation of the PAF by providing agencies with detailed guidance and tools to complete assessment and assurance of infrastructure proposals. The BCDF informs the progression of project proposals through the first 3 stages of the PAF: Stage 1 Strategic Assessment of Service Requirement, Stage 2 Preliminary Evaluation and Stage 3 Business Case Development. This ensures that major infrastructure proposals are thoroughly assessed to provide a firm basis for Government investment decisions. The BCDF reflects the guidance materials and templates established by the former Building Queensland and is maintained and supported by the Department of State Development, Infrastructure, Local Government and Planning.

Queensland Transport and Investment Program (QTRIP)

QTRIP is a 4-year program released annually outlining current and planned investments in transport infrastructure. QTRIP spans road, rail, bus, cycling and marine infrastructure on freight, commuter and recreational networks. QTRIP includes works for the Department of Transport and Main Roads, Queensland Rail and Gold Coast Waterways Authority.

The program of works detailed in QTRIP represents a $27.5 billion[1] investment over the 4 financial years from 2021–22. QTRIP is developed in accordance with funding allocations identified by the Queensland Government and Australian Government in their annual budgets, which align to both governments' policy objectives and agendas.

The strategic intent of QTRIP is shaped by state infrastructure planning processes (formerly State Infrastructure Plan, now the State Infrastructure Strategy) and specific transport strategies and plans developed in accordance with state legislation.

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, a $6.888 billion project fully funded by the Queensland Government, is the largest transport project ever undertaken in Queensland. A new 10.2 kilometre rail line from Dutton Park to Bowen Hills, involving 5.9 kilometres of twin tunnels under the Brisbane River and CBD, 4 new high-capacity underground stations (at Boggo Road, Woolloongabba, Albert Street and Roma Street), 8 rebuilt above-ground stations (at Salisbury, Rocklea, Moorooka, Yeerongpilly, Yeronga, Fairfield, Dutton Park and Exhibition), and 3 new stations on the Gold Coast make up this transformative transport project.

The project will also introduce a new world-class signalling system, the European Train Control System (ETCS), which will allow trains to operate closer together, enabling trains to run more efficiently and with greater safety.

The Cross River Rail project is being delivered in partnership with the private sector through 3 major infrastructure packages of work: Tunnel, Stations and Development (TSD) with Pulse Consortium through a public private partnership; Rail, Integration and Systems (RIS) through an alliance model with Unity Alliance; and the ETCS package contracted to Hitachi Rail.

Each of Cross River Rail's high-capacity stations will generate unique opportunities for urban renewal, economic development, the revitalisation of inner-city precincts and new employment opportunities.

Cross River Rail is into the second year of major construction, with excavation of the twin tunnels by the project's 2 tunnel boring machines having commenced from the Woolloongabba worksite in February 2021.

Cross River Rail is estimated to support up to 7,700 full-time equivalent jobs and 450 new apprenticeship and traineeship opportunities during construction.

M1 Pacific Motorway upgrades

A safe, efficient and reliable M1 Pacific Motorway plays an important role in driving productivity and competitiveness across South East Queensland. The program of works, jointly funded by the Queensland and Australian Governments, is delivering major projects, such as the Varsity Lakes to Tugun upgrade, Eight Mile Plains to Daisy Hill upgrade, and the Yatala South (Exit 41) and Pimpama (Exit 49) interchange upgrades.

The 10 kilometre section of the M1 Pacific Motorway between Varsity Lakes and Tugun will be widened from 2 to a minimum of 3 lanes in both directions. Works will include improvements to entry and exit ramps at Burleigh, Tallebudgera and Palm Beach as well as widening of Tallebudgera Creek and Currumbin Creek bridges. The construction works commenced in May 2020 and are expected to be complete by the end of 2023. The indicative total estimated cost for the project is $1 billion.

The 8 kilometre section of the M1 Pacific Motorway between Eight Mile Plains and Daisy Hill will be widened in both directions to increase traffic flow and reduce travel time. Works will also include an extension of the South East Busway from Eight Mile Plains to Springwood, a new bus station and park 'n' ride at Rochedale and completion of the V1 Cycleway. The total estimated cost of this project is $750 million.

The Queensland and Australian Governments have also committed $1 billion to upgrades between Daisy Hill and Logan Motorway.

The M1 program of works is complemented by the jointly funded $1.531 billion Coomera Connector (Stage 1) project between Nerang and Coomera.

Bruce Highway upgrades

The Bruce Highway is Queensland's major north-south freight and commuter corridor, connecting coastal population centres from Brisbane to Cairns over a distance of almost 1,700 kilometres. 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 2021–22 capital program includes investment in several key projects on the Bruce Highway, improving safety and access and supporting jobs across the regions, including:

- $1.065 billion to plan, preserve and construct the Rockhampton Ring Road.
- $1 billion to construct Cooroy to Curra (Section D).
- $932.2 million to widen the highway from 4 to 6 lanes between Caloundra Road and Sunshine Motorway.
- $662.5 million to upgrade the highway from 4 to 6 lanes between Caboolture-Bribie Island Road and Steve Irwin Way.
- $514.3 million to construct bridges and approaches on the Haughton River Floodplain, south of Giru between Horseshoe Lagoon and Palm Creek.
- $500 million funding injection for the Bruce Highway, noting the Queensland Government's priority for upgrades between Mackay and Proserpine, and between Gladstone and Rockhampton.
- $481 million to duplicate the highway from 2 to 4 lanes as part of the Cairns Southern Access Corridor (Stage 3), from Collinson Creek in Edmonton to the Wrights Creek area near Gordonvale.
- $301.3 million to upgrade the Bruce Highway at the Maroochydore Road and Mons Road interchanges.
- $230 million for the Townsville Ring Road (Stage 5) to duplicate the highway from 2 to 4 lanes between Vickers Bridge over Ross River and the Shaw Road interchange.
- $225 million for the Cairns Southern Access Corridor (Stage 5), Foster Road intersection upgrade.
- $163.3 million to upgrade the Bruce Highway at the Deception Bay Road interchange.
- $123.7 million to widen the highway from 4 to 6 lanes as part of the Cairns Southern Access Corridor (Stage 4), from Kate Street to Aumuller Street near the Port of Cairns and wharf precinct.

Smithfield Bypass

The $164 million Smithfield Bypass project is a new bypass road to address congestion on the section of the Captain Cook Highway between McGregor Road and the intersection of Captain Cook Highway and the Cairns Western Arterial Road. A new bridge over Avondale Creek has been completed. Major works are progressing to reconstruct the intersection of the Cairns Western Arterial Road and Captain Cook Highway to deliver a signalised T-intersection. Structural works for a new overpass bridge at McGregor Road roundabout have been completed, with remaining works continuing.

Rollingstock Expansion Program

To provide for expected increases in rail patronage over the next 10 years, the existing passenger fleet must expand to deliver extra services. The Department of Transport and Main Roads has commenced a Rollingstock Expansion Program with a $ 600 million commitment to procure 20 new 6-car passenger trains, which will be manufactured in the Maryborough region to support local jobs and regional supply chains, including in Rockhampton.

New Public Transport Ticketing System

The Queensland Government has committed $371.1 million for a new public transport ticketing system that will be delivered across public transport networks over a 4-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.

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 3 major South East Queensland hospitals with a combined value of $979 million:

- Redevelopment of the Caboolture Hospital to support an additional 130 beds and refurbishment of critical clinical support services.
- Expansion of the Logan Hospital to deliver an additional 206 beds and treatment spaces, as well as expansion and refurbishment of the Logan Hospital Maternity Ward to provide additional inpatient beds, delivery rooms and special care nursery cots.
- Staged expansion of the Ipswich Hospital including new mental health facilities for adults and older persons, a 26-bed ward refurbishment, a Magnetic Resonance Imaging suite (delivered) to grow clinical capacity, and purchase of land and buildings from the Ipswich City Council to facilitate subsequent stages of the Ipswich Hospital Expansion program.

Satellite Hospitals: Better Care, Closer to Home

The Government is providing $265 million in funding to deliver satellite hospitals to Bribie Island, Caboolture, Brisbane South, Pine Rivers, Gold Coast, Ipswich, and Redlands.

The Satellite Hospitals Program will enable our acute hospitals in South East Queensland to manage demand and free up capacity while continuing to safely manage patients via alternative models of care. The satellite hospitals will also provide virtual health opportunities including a range of rapid access consultations, care co-ordination, remote monitoring, and patient literacy services.

The final location and health services provided will be determined by the local Hospital and Health Services in consultation with the community. Planning for delivery of these hospitals is underway.

Building Future Schools

Through the $2.6 billion Building Future Schools Program, the Government is delivering new state schools in high-growth areas across Queensland, including 8 new schools which opened in 2020 and 5 new schools which opened in 2021. Three new schools are due to open in 2022 – primary schools in Caloundra South and North Maclean (Greenbank) and a special school in Coomera. This Budget includes $913.7 million for a further 10 new schools – 4 schools to open in 2023 (primary schools in Yarrabilba, Ripley and the Augustine Heights/Redbank Plains area, and a secondary school in Palmview) and 6 schools to open in 2024 (primary schools in Redland Bay, Bellbird Park and the Logan Reserve/Crestmead/Park Ridge area, and secondary schools in Springfield and the Collingwood Park/Redbank Plains and Logan Reserve/Park Ridge areas). A new primary school in Brisbane's inner west is also due to open in 2024.

The Government's $1 billion Great Schools, Great Future infrastructure commitment will provide existing Queensland schools with new classrooms and facilities to accommodate growing enrolments, new or upgraded school halls and performing arts centres, and renewal and refurbishment of school infrastructure, including fencing upgrades, outside school hours care upgrades, playgrounds and covered outdoor sports areas.

Housing and Homelessness Action Plan

The government is committing $1.908 billion over 4 years to support the *Housing and Homelessness Action Plan* 2021–25 which will be delivered as part of the *Queensland Housing Strategy 2017–2027*. A total of 2,480 new homes have been delivered or commenced under the strategy, with a further 6,365 new homes to commence over the next 4 years.

This includes $1.813 billion in capital funding and housing supply initiatives over 4 years to increase the supply of social housing and upgrade the existing social housing property portfolio. To support this, the Queensland Government has established a $1 billion Housing Investment Fund, a long-term fund that will deliver annual returns to support the ongoing delivery of social housing across the state. The Housing Investment Fund will provide the means to flexibly deliver projects and enable a mix of public housing, community housing, subsidised housing, homelessness accommodation, and mixed-use developments to be developed to support local need and site-specific opportunities.

Further details of this overall package can be found in the Budget Highlights section of the Department of Communities, Housing and Digital Economy Service Delivery Statement.

Building our Regions

Building our Regions supports local government infrastructure projects in regional Queensland communities that create flow-on economic development opportunities and jobs. These projects span Queensland from Torres Strait Island in the far north to Goondiwindi near the southern border, and from Boulia in the north west to Fraser Coast in the east. This includes a wide range of infrastructure project types which deliver enduring economic benefits and improved liveability in regional communities.

The Department of State Development, Local Government, Infrastructure and Planning is responsible for delivering Rounds 1-5 of the Building our Regions program, with approvals to date of $348.3 million in funding towards 264 infrastructure projects and 7 planning projects across 67 local governments in regional Queensland, supporting approximately 2,770 construction jobs.

This has leveraged further financial co-contributions of almost $539.3 million from local governments, the Australian Government and others, to create a total capital expenditure value of $887.6 million.

From 2021–22, a further $70 million in new funding will be provided to the Department of Regional Development, Manufacturing and Water to deliver Building Our Regions Round 6, bringing total funding for the program to $418.3 million.

Works for Queensland

The Works for Queensland program will be boosted with an additional $200 million to deliver on the Government's election commitment over 6 years from 2021–22, bringing the total program funding to $1 billion. The program will support local governments outside South East Queensland by funding job-creating maintenance and minor infrastructure projects relating to assets owned or controlled by local governments.

In 2021–22, $148 million will be delivered towards Works for Queensland projects. As at 31 March 2021, councils have estimated more than 21,000 jobs being supported by the first 3 rounds of the program.

Disaster Resilience Program

As the most disaster impacted state in Australia, it is imperative to help local Queensland communities better prepare for future natural disasters. Increasing the resilience of infrastructure and investing in innovative programs to lessen the impacts of natural disasters means that communities can recover more quickly after a natural disaster strikes.

The Queensland Resilience and Risk Reduction Fund, as part of the National Partnership Agreement, jointly funded with the Australian Government will allocate $65.5 million over 5 years to improve safety and disaster resilience across the state. With $14.4 million to be delivered in 2021–22 to support disaster mitigation projects and build resilience to natural disasters. The fund will be administered by the Queensland Reconstruction Authority.

The Queensland Reconstruction Authority will also continue to administer a suite of targeted measures aimed at promoting disaster recovery and resilience from recent significant disaster events, including the $100 million Betterment Fund to improve the resilience of infrastructure damaged by the monsoon flooding event of early 2019 under the joint Australian Government-State Disaster Recovery Funding Arrangements. The programs are being delivered over 3 years to 2021–22.

Southern Queensland Correctional Precinct - Stage 2

$320 million of the $654 million total for the expansion of Southern Queensland Correctional Precinct is budgeted for 2021–22, with construction having commenced in early 2021. A number of major benefits will be achieved through the construction of a new 1,000 bed correctional centre, including the delivery of over 400 jobs in the region. During peak periods of construction it will support up to 900 jobs.

This new facility, with a therapeutic health-centred operating model, will help address substance addiction and mental health issues. Further, it will enable Queensland Corrective Services and Queensland Health to provide rehabilitation and treatment in a world-class correctional facility.

The new facility will ease overcrowding across Queensland's correctional services system and deliver a safer environment for staff and the prison population.

Cairns Convention Centre

The Queensland Government is investing a total of $176 million in the refurbishment and expansion of the Cairns Convention Centre, including $172.2 million of capital expenditure. This investment ensures the existing centre remains a world-class venue that is ideal for business and community events.

The 10,000 square metre expansion includes a large undercover, tropically planted forecourt, expanded main entry lobby, new event spaces enabling the centre to host concurrent events and a multi-function space with external decks and spectacular views over Trinity Inlet.

The expanded centre will form a key infrastructure asset assisting with the post-COVID-19 recovery of the tourism industry in Cairns and far-north Queensland. The expansion is targeted for completion in the second half of 2022.

New Performing Arts Venue at the Queensland Performing Arts Centre (QPAC)

The Queensland Government has committed to deliver a new $175 million state-of -the-art theatre for Brisbane, investing $150 million over four years from 2018–19. This investment in a new theatre follows the recommendations of the detailed business case for a 1,500 seat theatre collocated with QPAC on the Playhouse Green site. The Queensland Performing Arts Trust will also contribute $25 million towards the new venue.

QPAC, which schedules over 1,300 performances annually, with a record 1.5 million people attending in 2017–18, was nearing full capacity, prior to COVID-19. This new venue will make QPAC the largest performing arts centre in Australia, with five venues and the potential to welcome an extra 300,000 visitors per year. This transformational infrastructure project will bolster Queensland's cultural vibrancy, support the local arts sector and drive cultural tourism.

Construction of the new theatre is scheduled for completion at the end of 2022.

Stadiums and sport facilities

The government will continue the delivery of 3 stadiums across the state.

Harrup Park in Mackay will become a hub for marquee cricket and AFL events with Stage One of the development progressing. In South East Queensland, the Ballymore Precinct will undergo a major redevelopment transforming it into a home for the National Rugby Training Centre, women's rugby, the Pacific Pathways Program, Queensland Reds and Queensland Rugby Union and a mid-tier venue for other local sporting teams. $20 million has been allocated to these projects in 2021–22.

On the Sunshine Coast $20 million has been allocated to the redevelopment of the Sunshine Coast Stadium at Bokarina. This funding is subject to federal government funding.

$48 million is allocated in 2021–22 to support local sport and recreation and community organisations to improve facilities to increase participation, in alignment with the *Activate! Queensland 2019–2029* strategy. Capital improvement works at Queensland Government venues will also continue with $17 million to finalise works at the 3 Queensland Active Precincts as identified under this strategy.

CleanCo's Karara Wind Farm

In 2020, Queensland's publicly-owned clean energy generator, CleanCo, announced it will build, own, and operate the $250 million 102.6MW Karara Wind Farm in the Darling Downs. Karara is part of the 1,026MW MacIntyre Wind Farm Precinct being developed by Acciona Australia, with a project value of around $2 billion. In addition to owning and operating the Karara Wind Farm, CleanCo will purchase 400 megawatts of renewable energy capacity from the MacIntyre Wind Farm, delivering the Government's Renewables 400 program.

Construction of the precinct is expected to commence in 2021–22 and be fully operational by 2024. The precinct is set to provide up to 400 local jobs during construction, with an additional 240 jobs for construction of the 64km transmission line, and 14 full-time jobs once in operation. Together with CleanCo's involvement, the local spend during construction is expected to exceed $500 million, delivering significant economic benefits for the Darling Downs region.

CleanCo's announcement is an historic achievement for Queensland and demonstrates the government's ongoing commitment to renewable generation in Queensland.

Port of Townsville Channel Capacity Upgrade

The Townsville Channel Capacity Upgrade (TCCU), which commenced in 2019–20, has continued with the completion of 2.2 kilometres of protective rock wall where dredged material from the channel widening will be placed. This forms the boundary of a new reclamation area, providing an additional 62 hectares of land for port operations. The TCCU, the largest infrastructure project in the port's history, will widen the shipping channel to allow access for larger vessels and facilitate future trade growth in the region.

The TCCU project is jointly funded by the Queensland and Australian Governments and the Port of Townsville Limited (POTL), and forms part of the Townsville City Deal signed in December 2016. The total project cost of the TCCU project is $232 million with the Queensland Government contributing $105 million, the Australian Government committing $75 million and POTL funding the remainder.

The TCCU project remains on track for completion by 2024 and will continue to support the local economy and jobs, with the detailed business case estimating 120 jobs would be supported during construction and 245 jobs after construction.

Cairns Marine Precinct investment

The government has committed $30 million for capital works to upgrade facilities at the Ports North-owned Cairns Marine Precinct and fund a business case for the future development of the precinct. The investment, which is forecast to deliver up to 150 new jobs during construction, will help diversify the Cairns economy and take advantage of emerging defence-related opportunities for the precinct as an Australian Navy Regional Maintenance Centre. This will ensure that the Port of Cairns continues to be the leading maintenance, repair and overhaul facility in Northern Australia.

The business case and port master planning work, expected to be completed in the second half of 2021, are vital steps in determining long-term infrastructure requirements. Total capital infrastructure expenditure of up to $150 million may be required and future contributions from the Australian Government will be sought.

Haughton Pipeline – Stage 2

The Queensland Government will contribute $195 million to the Townville City Council for Stage 2 of the Haughton Pipeline, which will connect to earlier stages of the project and ultimately improve water security for the region.

This project will also provide much needed economic stimulus by supporting hundreds of full-time equivalent jobs for the region.

Rookwood Weir

Sunwater and its construction partners have identified an opportunity to raise the crest height of the Rookwood Weir, adding up to 86,000 megalitres of supply to Central Queensland. Supported and co-funded by the Queensland and Australian Governments, the project will provide for significant agricultural growth along the Fitzroy River near Rockhampton and enhance the security of urban and industrial water supplies for Gladstone and Capricorn Coast communities.

Early works for construction of the weir commenced in November 2020 and in-river works commenced in April 2021. The weir is due to be completed by mid-2023, weather permitting. In parallel, road upgrades to Thirsty Creek Road and the Capricorn Highway at the Gogango Intersection were completed last year, and the new Riverslea Bridge was completed this year and has recently been handed over to the Rockhampton Regional Council.

The market response to the first stage of the water sale tender process (completed by Sunwater in December 2020) was strong and resulted in contracts for 30,000 megalitres of water for agricultural use. Additional tender processes will be held in 2022 for the remaining agricultural water.

The project has created over 100 regional jobs to date, including through essential road and bridge upgrades that support the project. The construction of the weir itself is expected to provide a further 200 jobs, with 140 of those jobs sourced locally and apprentices and trainees are expected to make up 15 per cent of construction hours.

The Queensland Government's funding commitment toward this critical piece of water infrastructure for Central Queensland is $183.6 million. This commitment has been matched by the Australian Government which is co-funding the project under the National Water Infrastructure Development Fund.

Dam Improvement Program

Dams play a vital role in Queensland's water supply. Both Sunwater and Seqwater are delivering Dam Improvement Programs (DIP) to ensure their dams continue to operate safely during extreme weather events.

Sunwater and Seqwater have budgeted over $30 million for DIP projects in 2021–22, including for construction activities and early project planning work. These projects will ensure Queensland dams meet required safety standards, deliver significant investment into the Queensland economy and support jobs.

DIP projects scheduled to be completed in 2021–22 include the Ewen Maddock Dam Upgrade Stage 2A and Paradise Dam Essential Works.

In 2021–22, Sunwater and Seqwater will continue to progress detailed business cases, investigating upgrade options for Somerset Dam, Paradise Dam and Burdekin Falls Dam. The Burdekin Falls Dam business case will also investigate the feasibility and demand for raising the dam to support economic growth in the region.

South West Pipeline

The $95.2 million South West Pipeline is a 27-kilometre pipeline that will connect Beaudesert to the South East Queensland Water Grid and further improve long term water security for the Scenic Rim.

The South West Pipeline is the second stage of the Beaudesert Water Supply Upgrade, building on the improvements to the Beaudesert Water Treatment Plant which were completed in 2020.

Construction of the South West Pipeline is expected to be completed in late 2022. It will be the biggest addition to the SEQ Water Grid since completion of the Northern Pipeline Interconnector in 2012.

Southern Downs Drought Resilience Package

The Queensland Government is funding critical infrastructure to address the water security of the Southern Downs region, which continues to experience prolonged drought conditions.

As part of a total commitment of $19.3 million towards critical works to extend Warwick’s water supply over the next 2 years, the 2021–22 Budget outlines capital expenditure of $8.1 million for Seqwater to undertake preparatory work for the Toowoomba to Warwick Pipeline, and $7.6 million to construct new groundwater bores, upgrade critical infrastructure and unlock new water sources to extend the existing supply.

2 2021-22 Capital program overview

2.1 Introduction

In this Budget, the Queensland Government has allocated a total of $14.688 billion in 2021–22 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 2021–22 capital program is estimated to directly support around 46,500 jobs across the state.

The 2021–22 capital works program comprises $12.606 billion of purchases of non-financial assets (PNFA) and acquisitions of non-financial assets under finance leases, and $2.082 billion of capital grants expenses.

Importantly, the 2021–22 capital program also demonstrates the government's commitment to rebuilding and growing the state's regions, with $8.987 billion, or around 61.2% of the capital program in 2021–22 to be spent outside of the Greater Brisbane region (Brisbane and Redlands, Logan and Ipswich), supporting an estimated 29,800 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 2021–22 total $3.7 billion and almost one quarter of the total capital program.

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 2021–22 capital program is comprised of $12.606 billion of PNFA and acquisitions of non-financial assets under finance leases.

Capital purchases in 2021–22, categorised according to purpose, are outlined in Chart 1. Transport continues to account for the largest share of purchases, followed by energy, health, housing and community services, and education and training.

Chart 1 Capital purchases by purpose 2021–22

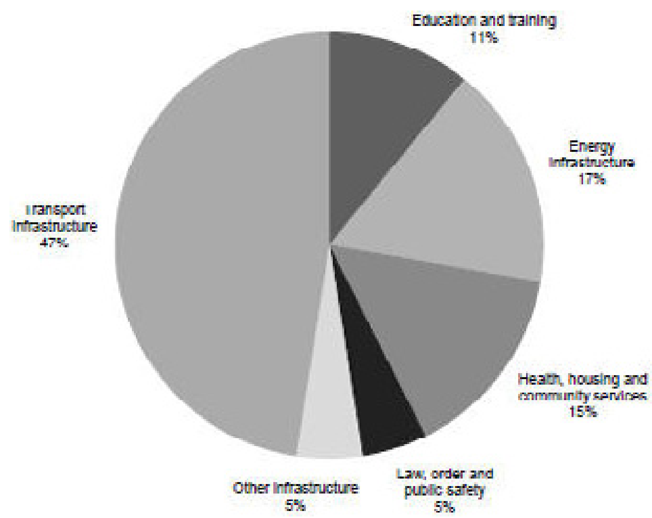


Table 2 outlines the capital purchases by Queensland Government entity, including the 2020–21 year (estimated actual) and the Budget for 2021–22. Transport and Main Roads has the largest proportion of total capital purchases.

Table 1 Capital purchases by Queensland Government entity[1,2]

Entity	2020–21 Est. Actual $'000	2021–22 Budget $'000
Agriculture and Fisheries	21,381	26,025
Children, Youth Justice and Multicultural Affairs	111,458	41,131
Communities, Housing and Digital Economy	428,518	442,743
Education	1,191,005	1,446,629
Employment, Small Business and Training	124,019	77,688
Energy and Public Works		
Energy and Public Works	156,011	134,416
Energy Generation Sector	435,668	473,001
Energy Transmission and Distribution	1,772,558	1,775,379
Environment and Science	95,740	57,243
Justice and Attorney-General	38,454	34,714
Legislative Assembly of Queensland	13,253	7,882
Premier and Cabinet	183	860
Public Safety Business Agency	27,251	—
Queensland Corrective Services	106,379	364,247
Queensland Fire and Emergency Services	65,653	58,702
Queensland Health[3]	1,473,329	1,351,814
Queensland Police Service	148,235	156,057
Queensland Treasury	791	—
Regional Development, Manufacturing and Water		
Regional Development, Manufacturing and Water	43,275	142,600
Water Distribution and Supply	288,013	328,498
Resources	85,442	12,140
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	13,015	7,572
State Development, Infrastructure, Local Government and Planning	81,291	90,583
Tourism, Innovation and Sport	75,050	51,378
Transport and Main Roads		
Transport and Main Roads	3,618,829	3,763,888
Port Authorities	224,436	244,188
Queensland Rail	774,817	900,417
Cross River Rail Delivery Authority	1,351,005	1,512,914
Other agencies[4]	22,410	4,250
Other adjustments[5]	9,347	249,114
Anticipated contingency reserve[6]	(700,000)	(1,150,000)
Total Capital Purchases	**12,096,816**	**12,606,073**

Total Capital Purchases Breakdown	2020–21 Est. Actual $'000	2021–22 Budget $'000
Consisting of:		
Purchases of non-financial assets per Non-financial Public Sector Cash		
Flow Statement (BP2 Table 10.9)	10,455,542	11,512,925
New finance leases	1,641,274	1,093,148
Total Capital Purchases	**12,096,816**	**12,606,073**

Notes:

1. Includes all associated statutory bodies.
2. Numbers may not add due to rounding.
3. Queensland Health's 2020–21 estimated actual expenditure includes $532.1 million which relates to the lease recognition of the Herston Surgical, Treatment and Rehabilitation Service project under the accounting standards and does not reflect a cash capital purchase.
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 carry-over of capital allocations.

Table 2 shows capital purchases by Regional Action Plan (RAP) region and statistical area. The government's commitment to supporting growth in Queensland's vital regional areas is highlighted by the fact that $5.21 billion (around 59%) of capital purchases in 2021-22 will be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich).

Table 2 Capital purchases by RAP region and statistical area for 2021–22[1,2]

Regional Action Plan Region	Capital Purchases $'000	Statistical Area		Capital Purchases $'000
Brisbane and Redlands	3,753,772	301	Brisbane East	275,823
		302	Brisbane North	317,590
		303	Brisbane South	536,844
		304	Brisbane West	214,868
		305	Inner Brisbane	2,408,647
Ipswich	869,917	310	Ipswich	869,917
Wide Bay	772,876	319	Wide Bay	772,876
Darling Downs	593,950	307	Darling Downs Maranoa	402,155
		317	Toowoomba	191,795
Gold Coast	1,131,454	309	Gold Coast	1,131,454
Logan	607,036	311	Logan Beaudesert	607,036
Mackay	573,313	312	Mackay	573,313
Outback Qld[3]	534,730	315	Outback	568,981
Far North Qld[3]	825,057	306	Cairns	790,806
Central Qld	882,602	308	Central Qld	882,602
Sunshine Coast	614,962	316	Sunshine Coast	614,962
Moreton Bay	758,575	313	Moreton Bay North	509,618
		314	Moreton Bay South	248,957
Townsville	687,829	318	Townsville	687,829
Total Capital Purchases				**12,606,073**

Notes:

1. Numbers may not add due to rounding.
2. The anticipated capital contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.
3. $34,251,000 capital purchases in Outback statistical area belongs to the Far North Qld region.

2.3 Capital grants

The Queensland Government provides grants for capital purposes to a range of organisations and private individuals.

Total capital grants are expected to be $2.082 billion in 2021–22, with Chart 2 below outlining the capital grants to local governments (LG) and non-government organisations (NGOs).

Chart 2 Capital grants by purpose and recipient

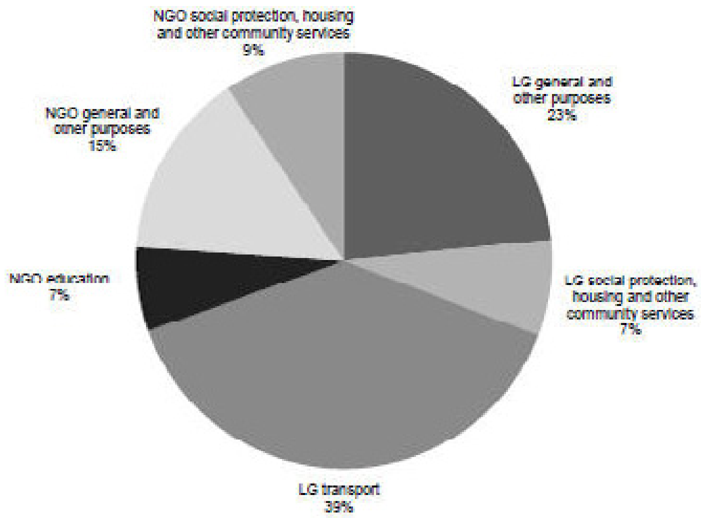


Table 3 shows the planned expenditure on capital grants by Queensland Government entity for 2021–22. The Department of State Development, Infrastructure, Local Government and Planning has the highest proportion of capital grants.

Table 3 Expenditure on capital grants by Queensland Government entity[1,2]

Entity	2020–21 Est. Actual $'000	2021–22 Budget $'000
Agriculture and Fisheries	500	1,500
Children, Youth Justice and Multicultural Affairs	—	3,500
Communities, Housing and Digital Economy	106,645	185,330
Education	103,585	140,838
Employment, Small Business and Training	32,400	34,616
Environment and Science	2,835	3,848
Premier and Cabinet	1,000	11,300
Queensland Fire and Emergency Services	897	897
Queensland Treasury	176,842	122,700
Regional Development, Manufacturing and Water	27,415	28,000
Resources	45,237	—
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	918	5,605
State Development, Infrastructure, Local Government and Planning	761,046	1,009,386
Tourism, Innovation and Sport	142,049	138,938
Transport and Main Roads		
Transport and Main Roads	330,079	476,397
Cross River Rail Delivery Authority	—	4,180
Other agencies	1,559	1,000
Other adjustments[3]	33,016	39,562
Anticipated contingency reserve	—	(125,735)
Total capital grants	**1,766,023**	**2,081,862**

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 $1.612 billion (around 77.4%) of capital grants in 2021–22 will be spent outside of Greater Brisbane (Brisbane and Redlands, Logan and Ipswich).

Table 4 Capital grants by RAP region and statistical area for 2021–22[1,2]

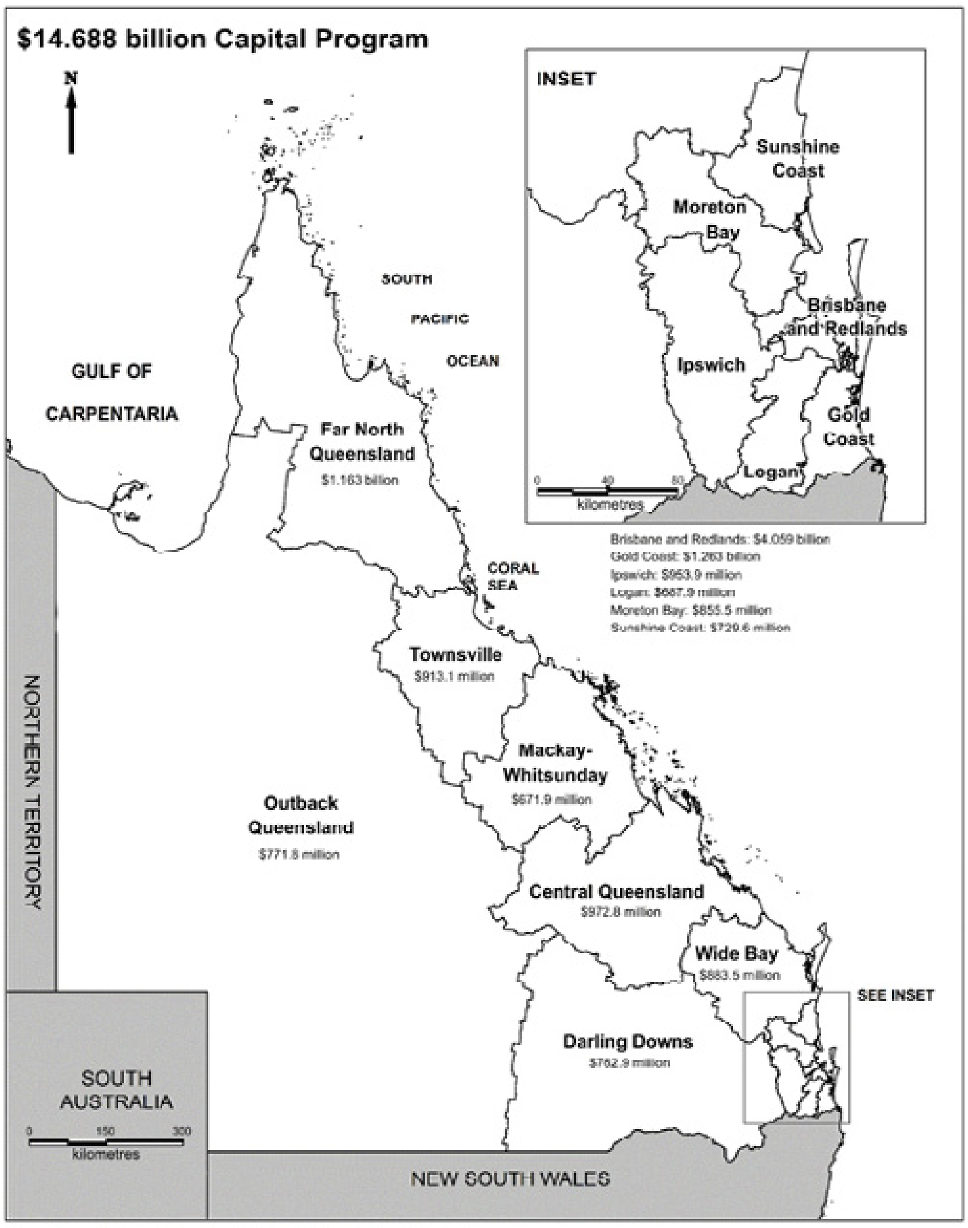
Regional Action Plan Region	Grants $'000	Statistical Area		Grants $'000
Brisbane and Redlands	305,311	301	Brisbane East	51,250
		302	Brisbane North	43,884
		303	Brisbane South	79,918
		304	Brisbane West	33,343
		305	Inner Brisbane	96,916
Ipswich	83,948	310	Ipswich	83,948
Wide Bay	110,576	319	Wide Bay	110,576
Darling Downs	168,941	307	Darling Downs Maranoa	132,709
		317	Toowoomba	36,232
Gold Coast	131,589	309	Gold Coast	131,589
Logan	80,848	311	Logan Beaudesert	80,848
Mackay	98,614	312	Mackay	98,614
Outback Qld[3]	237,069	315	Outback	404,483
Far North Qld[3]	337,921	306	Cairns	170,507
Central Qld	90,198	308	Central Qld	90,198
Sunshine Coast	114,671	316	Sunshine Coast	114,671
Moreton Bay	96,926	313	Moreton Bay North	54,515
		314	Moreton Bay South	42,411
Townsville	225,250	318	Townsville	225,250
Total Capital Grants				**2,081,862**

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. $167,414,000 capital grants in Outback statistical area belongs to the Far North Qld region.

Chart 3 shows the distribution of the total 2021–22 capital program (capital purchases and capital grants) across the geographical regions of Queensland, as classified for Budget Paper 3 purposes.

Chart 3 Map of 2021–22 capital program by Queensland regions



Note: Boundaries are based on Regional Action Plans, 2021–22

3 Capital outlays by entity

3.1 AGRICULTURE AND FISHERIES

Department of Agriculture and Fisheries

Capital purchases and grants for the Department of Agriculture and Fisheries, reporting to the Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities are $25.2 million for 2021-22. The department's capital program is focused on developing and upgrading research facilities to deliver outcomes for agriculture, biosecurity, fisheries and forestry.

The department has facilities located throughout rural and regional Queensland. These require continual minor works, mechanical items and plant equipment upgrades to keep them operating effectively.

Program Highlights (Property, Plant and Equipment)

- $5.6 million to continue upgrades to the department's research and operational facilities through the research facilities development, scientific equipment and minor works programs.
- $4.7 million to finalise long-term decisions on the future of assets formerly held by the Queensland Agricultural Training Colleges, including a new Central Queensland Smart Cropping Centre at Emerald.
- $2 million for new and replacement heavy plant and equipment including trucks, tractors, irrigators, all-terrain vehicles and other machinery.
- $1.2 million to upgrade infrastructure and equipment to support horticulture productivity and profitability.
- $954,000 million to continue to upgrade and refurbish existing facilities at Toowoomba, which will enhance service delivery and improve operational efficiency.
- $816,000 to continue to replace vessels and marine equipment for fisheries research and regulatory functions.
- $790,000 to continue to upgrade of fruit handling laboratories enabling scientists to provide research services to the expanding and new horticultural industries at Mareeba.
- $418,000 to continue the mid-life refit of the Queensland Boating and Fisheries Patrol vessel the *KI Ross*.

Program Highlights (Capital Grants)

- $1 million to finalise long-term decisions on the future of assets formerly held by the Queensland Agricultural Training Colleges.
- $500,000 is provided as a contribution towards the upgrade of adoption facilities at the Young Animal Protection Society in Cairns.

Queensland Racing Integrity Commission

Capital purchases for the Queensland Racing Integrity Commission, reporting to the Minister for Local Government, Minister for Racing and Minister for Multicultural Affairs are $2.3 million for 2021-22.

Program Highlights (Property, Plant and Equipment)

- $1.1 million for software upgrades to the licensing system and laboratory information management system.
- $908,000 for upgrades to laboratory equipment to support drug testing services.
- $300,000 for other technical equipment replacements.

Agriculture and Fisheries

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF AGRICULTURE AND FISHERIES					
Property, Plant and Equipment					
Assets formerly held by Queensland Agricultural Training Colleges	308	5,850		**4,650**	1,200
Computer equipment	305			**4,290**	Ongoing
Scientific equipment	Various			**2,242**	Ongoing
Heavy plant and equipment	Various			**2,031**	Ongoing
Research facilities development	Various			**1,957**	Ongoing
Other property, plant and equipment	Various			**2,372**	Ongoing
Minor works	Various			**1,356**	Ongoing
Smart Farms Initiative	310	2,000		**1,200**	800
Upgrade and refurbishment of existing facilities in Toowoomba	317	13,572	12,346	**954**	272
Vessels and marine equipment	Various			**816**	Ongoing
Upgrade to Mareeba research facility	306	890	100	**790**	
Mid-life refit of the patrol vessel KI Ross	302	1,633	1,215	**418**	
Ecosciences and Health and Food Sciences Precincts fitout	303			**325**	Ongoing

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Software purchases and development	305			**300**	Ongoing
Total Property, Plant and Equipment				**23,701**	
Capital Grants					
Assets formerly held by Queensland Agricultural Training Colleges	308	4,000		**1,000**	3,000
Young Animal Protection Society capital grant	306	1,000	500	**500**	
Total Capital Grants				**1,500**	
QUEENSLAND RACING INTEGRITY COMMISSION					
Property, Plant and Equipment					
Racing Science Centre laboratory technology upgrades	305			**908**	Ongoing
Registration and licensing environment	305	3,595	2,595	**800**	200
Other asset replacement	Various			**300**	Ongoing
Laboratory Information Management System	305	316		**316**	
Total Property, Plant and Equipment				**2,324**	
TOTAL AGRICULTURE AND FISHERIES (PPE)				**26,025**	
TOTAL AGRICULTURE AND FISHERIES (CG)				**1,500**	

3.2 CHILDREN, YOUTH JUSTICE AND MULTICULTURAL AFFAIRS

Department of Children, Youth Justice and Multicultural Affairs

The capital works program for the Department of Children, Youth Justice and Multicultural Affairs is $41.1 million in 2021-22. 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.

Total capital grants for the portfolio are $3.5 million. These funds seek to improve outcomes for people from culturally and linguistically diverse backgrounds and assist in building safe, caring and connected communities.

Program Highlights (Property, Plant and Equipment)

- $16.3 million in 2021-22 of a total $150 million to complete the construction of West Moreton Youth Detention centre—a new 32 bed youth detention centre at Wacol.
- $9.5 million to conduct ongoing program renewal and minor works to Youth Detention centres and Youth Justice service centres.
- $5.8 million to fit out and upgrade office accommodation and Child Safety service centres to better manage service demands, population growth and make the most effective use of resources.
- $4.5 million in 2021-22 of a total $5 million for a short term remand centre.
- $2 million to enhance and develop information systems and ICT programs to provide additional system functionality, information security, and provide contemporary technology to improve service delivery.
- $1.6 million to upgrade Small Group Homes, Therapeutic Residential Care Homes and Child Safe Houses to accommodate legislative requirements or fit for purpose improvements.
- $1.5 million for annual essential capital replacement to replace IT infrastructure that is at end of life.

Program Highlights (Capital Grants)

- $3.5 million capital grant contribution to establish a Holocaust Museum and Education Centre in Brisbane to honour victims of the Holocaust and support students and the broader community to explore and understand the impact of racism.

Children, Youth Justice and Multicultural Affairs

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF CHILDREN, YOUTH JUSTICE AND MULTICULTURAL AFFAIRS					
Property, Plant and Equipment					
Youth Justice Services					
West Moreton Youth Detention Centre - 32 bed construction project	310	150,000	133,738	**16,262**	
Youth Justice facilities	Various			**9,546**	Ongoing
Short term remand centre	316	5,000	500	**4,500**	
Sub-total Youth Justice Services				**30,308**	
Child and Family Services					
Office accommodation and Child Safety service centres	Various			**5,783**	Ongoing
Residential care facilities	Various			**1,580**	Ongoing
Sub-total Child and Family Services				**7,363**	
Information, Innovation and Recovery					
Information system enhancements	Various			**2,000**	Ongoing
Information technology infrastructure replacement	Various			**1,460**	Ongoing
Sub-total Information, Innovation and Recovery				**3,460**	
Total Property, Plant and Equipment				**41,131**	
Capital Grants					
Multicultural Affairs					
Holocaust Museum	305	3,500		**3,500**	
Total Capital Grants				**3,500**	
TOTAL CHILDREN, YOUTH JUSTICE AND MULTICULTURAL AFFAIRS (PPE)				**41,131**	
TOTAL CHILDREN, YOUTH JUSTICE AND MULTICULTURAL AFFAIRS (CG)				**3,500**	

3.3 COMMUNITIES, HOUSING AND DIGITAL ECONOMY

The Communities, Housing and Digital Economy portfolio includes the Department of Communities, Housing and Digital Economy together with Arts Queensland, and statutory bodies reporting to the Minister for Communities and Housing and Minister for Digital Economy and Minister for the Arts. The portfolio's capital program for 2021-22 is $442.7 million. The portfolio's capital grants for 2021-22 is $185.3 million.

The Housing and Homelessness Action Plan 2021-2025 provides $1.908 billion over 4 years to boost housing supply and increase housing and homelessness support across Queensland. This includes $1.813 billion of expenditure over 4 years to increase the supply of social housing and upgrade the existing social housing property portfolio; including $502.6 million in 2021-22. Further details of this overall package can be found in the Budget Highlights section of the Department of Communities, Housing and Digital Economy Service Delivery Statement.

Department of Communities, Housing and Digital Economy

Total capital purchases for the Department of Communities, Housing and Digital Economy are $435.7 million in 2021-22. Total capital grants for the department are $185.3 million in 2021-22.

Program Highlights (Property, Plant and Equipment)

- $281.4 million to deliver 467 social housing dwellings, commence construction of 393 dwellings and upgrade existing social housing dwellings.
- $84.2 million to build a new performing arts venue at the Queensland Performing Arts Centre, benefiting Queensland artists and audiences.
- $40.8 million to deliver 47 social housing dwellings in Aboriginal and Torres Strait Islander communities and purchase 6 dwellings for use as temporary accommodation to support the transfer of social housing to home ownership on Aboriginal and Torres Strait Islander land, and upgrade existing social housing dwellings.
- $7.7 million to continue the upgrade and construction program for neighbourhood and community centres and other key social infrastructure, including $3.2 million for the Cairns (Lyons St) Diversionary Centre Expansion, $2.6 million for general property upgrades, $1.3 million to continue design and construction of a new neighbourhood and community centre in Ripley and $635,000 to complete construction of the Wilsonton neighbourhood and community centre.
- $7.7 million to address Stage 2 of urgent and unavoidable critical infrastructure renewal works at the Queensland Cultural Centre.

- $4.4 million to deliver priority infrastructure projects across State owned arts and cultural facilities through the Arts Infrastructure Investment Fund.
- $3.3 million for cladding remediation works on the Gallery of Modern Art, the State Library of Queensland and the Queensland Museum.
- $1.3 million to renew the Central Energy Plant critical infrastructure at the Queensland Cultural Centre.

Program Highlights (Capital Grants)

- $90.7 million to deliver 118 social housing dwellings, purchase 27 dwellings, commence construction of 301 dwellings and upgrade existing social housing dwellings.
- $89.6 million to deliver 17 social housing dwellings in Aboriginal and Torres Strait Islander communities and upgrade existing social housing dwellings.
- $3.5 million towards the construction of the new Rockhampton Art Gallery.
- $1.5 million contribution towards the ongoing construction of the Yarrabilba Hive.

CITEC

CITEC has capital purchases of $1 million in 2021-22, for hardware replacement.

Library Board of Queensland

The Library Board of Queensland has capital purchases of $2.2 million in 2021-22, 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)

- $838,000 to replace information technology equipment.
- $595,000 to acquire new items for the digital collection.
- $465,000 to acquire new items for the heritage collection.
- $349,000 to acquire new items for the information collection.

Queensland Art Gallery

The Queensland Art Gallery has capital purchases of $2.8 million in 2021-22, for 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.

Queenstand Performing Arts Trust

The Queensland Performing Arts Trust has capital purchases of $1 million in 2021-22, for the life-cycle replacement of operational property, plant and equipment assets such as theatre equipment, food and beverage equipment, and information technology systems.

Communities, Housing and Digital Economy

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF COMMUNITIES, HOUSING AND DIGITAL ECONOMY					
Property, Plant and Equipment					
Housing and Homelessness Services					
Construct social housing					
Brisbane - East	301			**5,079**	Ongoing
Brisbane - North	302			**5,285**	Ongoing
Brisbane - South	303			**14,165**	Ongoing
Brisbane Inner City	305			**2,798**	Ongoing
Cairns	306			**26,373**	Ongoing
Darling Downs - Maranoa	307			**2,567**	Ongoing
Central Queensland	308			**5,735**	Ongoing
Gold Coast	309			**12,485**	Ongoing
Ipswich	310			**13,935**	Ongoing
Logan - Beaudesert	311			**16,172**	Ongoing
Mackay	312			**7,309**	Ongoing
Moreton Bay - North	313			**13,071**	Ongoing
Moreton Bay - South	314			**5,785**	Ongoing
Queensland - Outback	315			**1,912**	Ongoing
Sunshine Coast	316			**9,297**	Ongoing
Toowoomba	317			**3,416**	Ongoing
Townsville	318			**24,325**	Ongoing
Wide Bay	319			**8,756**	Ongoing
Sub-total Construct social housing				**178,465**	
Upgrade existing social housing					
Brisbane - East	301			**1,854**	Ongoing
Brisbane - North	302			**3,022**	Ongoing
Brisbane - South	303			**2,025**	Ongoing
Brisbane - West	304			**139**	Ongoing
Brisbane Inner City	305			**5,518**	Ongoing

Communities Housing and Digital Economy

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Cairns	306			**30,253**	Ongoing
Darling Downs - Maranoa	307			**1,075**	Ongoing
Central Queensland	308			**6,046**	Ongoing
Gold Coast	309			**3,076**	Ongoing
Ipswich	310			**3,727**	Ongoing
Logan - Beaudesert	311			**4,950**	Ongoing
Mackay	312			**1,692**	Ongoing
Moreton Bay - North	313			**2,998**	Ongoing
Moreton Bay - South	314			**284**	Ongoing
Queensland - Outback	315			**12,881**	Ongoing
Sunshine Coast	316			**5,908**	Ongoing
Toowoomba	317			**301**	Ongoing
Townsville	318			**5,694**	Ongoing
Wide Bay	319			**2,696**	Ongoing
Statewide	Various			**190**	Ongoing
Sub-total Upgrade existing social housing				**94,329**	
Purchase of existing properties					
Cairns	306			**2,609**	Ongoing
Sub-total Purchase of existing properties				**2,609**	
Social housing land aquisition					
Brisbane - East	301			**960**	Ongoing
Brisbane - North	302			**1,440**	Ongoing
Brisbane - South	303			**4,940**	Ongoing
Cairns	306			**1,100**	Ongoing
Darling Downs - Maranoa	307			**400**	Ongoing
Central Queensland	308			**740**	Ongoing
Gold Coast	309			**11,500**	Ongoing
Ipswich	310			**10,920**	Ongoing
Logan - Beaudesert	311			**8,243**	Ongoing
Mackay	312			**480**	Ongoing
Moreton Bay - North	313			**320**	Ongoing
Moreton Bay - South	314			**320**	Ongoing
Sunshine Coast	316			**960**	Ongoing
Toowoomba	317			**1,720**	Ongoing
Townsville	318			**1,660**	Ongoing
Wide Bay	319			**640**	Ongoing
Statewide	Various			**500**	Ongoing
Sub-total Social housing land aquisition				**46,843**	
Other plant and equipment	Various			**3,787**	Ongoing

Communities Housing and Digital Economy

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Sub-total Housing and Homelessness Services				**326,033**	
Community Services					
Calms (Lyons St) Diversionary Centre Expansion	306	4,000	800	3,200	
Ripley Neighbourhood Centre	310	4,100	730	1,270	2,100
Wilsonton Neighbourhood Centre	307	3,800	3,165	635	
Office accommodation, fixtures and fittings	Various			302	Ongoing
General property upgrades	Various			2,596	Ongoing
Sub-total Community Services				**8,003**	
Customer and Digital Services Other property, plant and equipment	Various			**905**	Ongoing
Sub-total Customer and Digital Services				**905**	
Arts Queensland					
New Performing Arts Venue at[1] QPAC	305	150,000	35,646	84,200	30,154
Queensland Cultural Centre critical infrastructure asset renewal	305	15,370	14,090	1,280	
Arts Infrastructure Investment Fund—Stage 2 2021 to 2024	305	13,125		4,375	8,750
Queensland Cultural Centre cladding remediation works	305	3,250		3,250	
Queensland Cultural Centre critical infrastructure works - Stage 2 2021 to 2025	305	30,280		7,650	22,630
Sub-total Arts Queensland				**100,755**	
Total Property, Plant and Equipment				**435,696**	
Capital Grants					
Housing and Homelessness Services					
Brisbane - East	301			750	Ongoing
Brisbane - North	302			2,340	Ongoing
Brisbane - South	303			5,806	Ongoing
Brisbane Inner City	305			4,520	Ongoing
Cairns	306			69,376	Ongoing
Central Queensland	308			2,008	Ongoing
Gold Coast	309			5,866	Ongoing

Communities Housing and Digital Economy

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Ipswich	310			4,610	Ongoing
Logan - Beaudesert	311			4,170	Ongoing
Mackay	312			460	Ongoing
Moreton Bay - North	313			6,102	Ongoing
Moreton Bay - South	314			1,650	Ongoing
Queensland - Outback	315			9,172	Ongoing
Sunshine Coast	316			10,905	Ongoing
Toowoomba	317			2,041	Ongoing
Townsville	318			5,587	Ongoing
Wide Bay	319			10,059	Ongoing
Statewide	Various			34,908	Ongoing
Sub-total Housing and Homelessness Services				**180,330**	
Community Services Yarrabilba Hive	311	2,600	1,100	**1,500**	
Sub-total Community Services				**1,500**	
Arts Queensland					
New Rockhampton Art Gallery	308	8,000	4,500	3,500	
Sub-total Arts Queensland				**3,500**	
Total Capital Grants				**185,330**	
CITEC					
Property, Plant and Equipment					
Hardware replacement	305			**500**	Ongoing
Hardware replacement	310			**500**	Ongoing
Total Property, Plant and Equipment				**1,000**	
LIBRARY BOARD OF QUEENSLAND					
Property, Plant and Equipment					
Information technology equipment	305			**838**	Ongoing
Digital collection	305			**595**	Ongoing
Heritage collection	305			**465**	Ongoing
Information collection	305			**349**	Ongoing
Total Property, Plant and Equipment				**2,247**	

Communities, Housing and Digital Economy

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
QUEENSLAND ART GALLERY					
Property, Plant and Equipment					
Acquisitions for the Queensland Art Gallery's collection	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**	
TOTAL COMMUNITIES, HOUSING AND DIGITAL ECONOMY (PPE)				**442,743**	
TOTAL COMMUNITIES, HOUSING AND DIGITAL ECONOMY (CG)				**185,330**	

Note:

1. The Total Estimated Cost of $175 million includes a State contribution of $150 million and a contribution by the Queensland Performing Arts Trust of $25 million.

3.4 EDUCATION

Total capital purchases for the Education portfolio (including the Department of Education and related entities) are $1.447 billion in 2021-22. Total capital grants for the portfolio are $140.8 million in 2021-22.

Department of Education

The 2021-22 capital purchases of $1.447 billion include $1.383 billion for the construction and refurbishment of school educational facilities and early childhood education and care services. Capital works planning targets government priorities through consideration of population growth and shifts, changes in educational needs and addressing high-priority needs for student and staff health and safety.

Program Highlights (Property, Plant and Equipment)

- $527.1 million for the Building Future Schools Program to deliver world class learning environments for students.
- $496.4 million for the provision of additional facilities at existing state schools experiencing strong enrolment growth.
- $84 million to replace and enhance facilities at existing schools.
- $61.2 million as part of the School Halls Program and $10.2 million for the Shovel Ready Program under the Great Schools Great Future election commitment to boost education infrastructure investment across Queensland over the next 4 years.
- $53.9 million for air-conditioning installation and replacement in state schools under the Cooler Cleaner Schools Program.
- $39.3 million for the Advancing Clean Energy Schools program to upgrade and install solar and energy efficiency measures in Queensland state schools.
- $17.3 million to link industry and local high schools to provide students with pathways into rewarding careers and confidently transition into the world of work under the Local Schools Local Jobs election commitment.

Program Highlights (Capital Grants)

- $116.7 million is provided for the non-state schooling sector and student hostels.
- $24.1 million is provided for racing infrastructure projects that contribute to the growth and sustainability of the Queensland racing industry.

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF EDUCATION					
Property, Plant and Equipment					
Education Capital Works Program					
New schools in 2023 and 2024[1]	Various	858,892		**124,463**	734,429
New primary school in Brisbane's Inner West	304	61,245	432	**940**	59,873
New special school in Coomera	309	40,165	11,245	**22,378**	6,542
New primary school in North Maclean (Greenbank)	311	61,993	22,523	**20,294**	19,176
New primary school in Caloundra South	316	57,890	13,323	**31,971**	12,596
Brisbane South State Secondary College	305	131,412	124,730	**6,682**	
Gainsborough State School - Stage 2	309	15,566		**15,566**	
Palmview State Primary School - Stage 2	316	13,339		**2,223**	11,116
Palmview State Special School - Stage 2	316	18,347		**18,347**	
Baringa State Secondary College - Stage 2	316	21,263		**8,505**	12,758
Calliope State High School - Stage 2	308	12,696	868	**11,828**	
Fortitude Valley State Secondary College	305	122,200	92,882	**29,318**	
Foxwell State Secondary College - Stage 2	309	37,928	11,327	**26,601**	
Lee Street State Special School - Stage 2	313	15,064	10,289	**4,775**	
Mango Hill State Secondary College - Stage 2	314	22,926	8,365	**14,561**	
Ripley Valley State School - Stage 2	310	9,033	3,911	**5,122**	
Ripley Valley State Secondary College - Stage 2	310	17,058	8,049	**9,009**	
Yarrabilba State Secondary College - Stage 2	311	28,642	12,991	**15,651**	
Local Schools Local Jobs					
New skills development and training facilities					

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Aviation High	305	740		**252**	488
Bentley Park College	306	444		**252**	192
Chinchilla State High School	307	2,072		**252**	1,820
Mabel Park State High School	311	2,664	222	**2,442**	
Rockhampton State High School	308	1,850		**370**	1,480
Sunnybank State High School	303	2,220		**263**	1,957
Tara Shire State College	307	1,480		**252**	1,228
Upgrade skills development and training facilities					
Bowen State High School	312	1,036		**252**	784
Caboolture State High School	313	740	185	**555**	
Clermont State High School	312	962		**252**	710
Clifton State High School	307	1,036		**252**	784
Cloncurry State School P-12	315	370		**370**	
Dalby State High School	307	1,850		**434**	1,416
Dysart State High School	312	666		**252**	414
Gladstone State High School	308	1,480		**252**	1,228
Glenala State High School	310	1,665		**252**	1,413
Home Hill State High School	318	370		**252**	118
Kingaroy State High School	319	1,184		**252**	932
Longreach State High School	315	1,924		**252**	1,672
Mackay Northern Beaches State High School	312	888		**252**	636

Education

Project	Statistical Area	Total Estimated Cost $‘000	Expenditure to 30-06-21 $‘000	**Budget 2021-22 $‘000**	Post 2021-22 $‘000
Pimlico State High School	318	1,036		**252**	784
Roma State College	307	1,110		**252**	858
St George State High School	307	2,220	27	**565**	1,628
Thuringowa State High School	318	888		**252**	636
Woodcrest State College	310	1,665		**333**	1,332
Woree State High School	306	725	3	**252**	470
School Halls Program					
New hall facility					
Ayr State High School	318	5,175		**252**	4,923
Beenleigh State High School	311	10,800		**5,520**	5,280
Buderim Mountain State School	316	4,500		**252**	4,248
Burnside State High School	316	9,630		**260**	9,370
Capalaba State College	301	7,200		**3,680**	3,520
Chancellor State College	316	7,650		**1,019**	6,631
Deception Bay State School	313	4,500		**252**	4,248
Gladstone Central State School	308	5,175		**252**	4,923
Miami State High School	309	9,000		**874**	8,126
Noosa District State High School - Pomona Campus	316	5,175		**252**	4,923
Oakey State High School	307	5,175		**252**	4,923
Oakleigh State School	305	4,500		**252**	4,248
Palm Beach Currumbin State High School	309	9,000		**4,600**	4,400
Pimlico State High School	318	9,900		**566**	9,334
Pittsworth State High 10School	307	5,625		**252**	5,373

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Rochedale State High School	303	10,801		**770**	10,031
Seven Hills State School	305	7,200		**252**	6,948
Thuringowa State High School	318	5,175		**252**	4,923
Toogoolawah State High School	310	5,175		**1,672**	3,503
Townsville Community Learning Centre - A State Special School	318	5,175		**612**	4,563
Trinity Bay State High School	306	10,351	59	**405**	9,887
Urangan Point State School	319	5,175		**252**	4,923
Urangan State High School	319	9,630		**260**	9,370
Warwick State High School	307	5,175		**252**	4,923
Wilston State School Upgrade existing hall facility	305	7,200		**252**	6,948
Caloundra State School	316	2,880		**931**	1,949
Clifton State High School	307	2,484		**478**	2,006
Glenala State High School	310	4,500		**532**	3,968
Kilcoy State High School	313	4,770		**1,541**	3,229
Nerang State High School	309	4,500		**532**	3,968
Redlynch State College - Junior Campus	306	2,880		**252**	2,628
Redlynch State College - Senior Campus	306	3,375		**252**	3,123
Sandgate District State High School	302	4,500		**462**	4,038
St George State High School	307	5,175		**612**	4,563
The Hall State School	308	4,501		**1,454**	3,047

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Toolooa State High School	308	2,880		**252**	2,628
Woree State School	306	1,530		**252**	1,278
Albany Creek State High School - Additional classrooms	314	13,064		**7,176**	5,888
Ambrose State School - Amenities upgrades	308	585		**585**	
Aratula State School - Amenities upgrades	310	720		**720**	
Ashwell State School - Amenities upgrades	310	675		**675**	
Aspley Special School - Additional classrooms	302	10,488		**4,600**	5,888
Aurukun State School - Administration upgrades	315	2,220		**2,220**	
Bald Hills State School - Administration upgrades	302	740	148	**592**	
Balmoral State High School - Additional classrooms	305	9,430	361	**9,069**	
Balmoral State High School - Administration upgrades	305	5,400	65	**5,335**	
Beenleigh Special School - Additional classrooms	311	15,456		**3,956**	11,500
Bellbird Park State Secondary College - Additional classrooms	310	15,622	1,460	**14,162**	
Bellevue Park State School - Additional classrooms	309	4,876		**1,950**	2,926
Bli Bli State School - Amenities upgrades	316	450		**450**	
Bluewater State School - Amenities upgrades	318	1,200	40	**1,160**	
Bohlevale State School - School security fence	318	651		**651**	
Bracken Ridge State High School - Additional classrooms	302	10,764		**2,177**	8,587
Bray Park State High School - Additional classrooms	314	7,544	6,709	**835**	
Brisbane Central State School - Additional classrooms	305	14,025	8,258	**5,767**	
Brisbane South State Secondary College - Stage 1 sports fields	303	5,579	1,457	**4,122**	

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Brookstead State School - Amenities upgrades	307	1,040		**1,040**	
Bundaberg South State School - School security fence	319	409		**409**	
Buranda State School - Additional classrooms	303	3,657	226	**3,431**	
Bwgcolman Community School - Administration upgrades	318	3,150	197	**2,953**	
Bwgcolman Community School - Learning space upgrades	318	370		**370**	
Caboolture State High School - Additional classrooms	313	12,512		**9,660**	2,852
Cairns West State School - Amenities upgrades	306	600	120	**480**	
Calamvale Community College - Additional classrooms	303	6,481	853	**5,628**	
Calamvale Special School - Additional classrooms	303	11,868		**3,588**	8,280
Capella State School - Administration upgrades	308	1,620		**1,620**	
Centenary State High School - Additional classrooms	304	7,452	883	**6,569**	
Centenary State High School - Rectification of the sports hall	304	303		**303**	
Claremont Special School - Additional classrooms	310	12,972		**2,944**	10,028
Clifford Park Special School - Additional classrooms	317	4,140	1,472	**2,668**	
Clifford Park Special School - Relocation of Denise Kable Centre	317	8,648	997	**7,651**	
Coen Campus of Cape York Aboriginal Australian Academy - Amenities upgrades	315	880	13	**867**	
Coolum State High School - Additional classrooms	316	16,652		**10,267**	6,385
Coombabah State High School - Additional classrooms	309	12,972		**5,189**	7,783
Cranbrook State School - School security fence	318	651		**651**	

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Darling Point Special School - Additional classrooms	301	12,880		**5,520**	7,360
Deception Bay North State School - Amenities upgrades	313	400		**400**	
Eagle Junction State School - Additional classrooms	305	7,268	3,449	**3,819**	
Edge Hill State School - Administration upgrades	306	4,680		**4,680**	
Emerald State School - Administration upgrades	308	1,620		**1,620**	
Enoggera State School-Additional classrooms	304	6,532		**3,496**	3,036
FamilyLinQ-School-based hub2	Various	7,826		**4,300**	3,526
Fernbrooke State School - Additional classrooms	310	2,668	321	**2,347**	
Flagstone State School - Additional classrooms	311	6,900		**4,140**	2,760
Freshwater State School - Learning space upgrades	306	355	5	**350**	
Geebung Special School - Additional classrooms	302	7,268		**3,680**	3,588
Gin Gin State High School - Administration upgrades	319	2,250		**2,250**	
Glenala State High School - Additional classrooms	310	7,544		**4,600**	2,944
Glenview State School - Administration upgrades	316	4,500		**4,500**	
Goodna Special School - Additional classrooms	310	15,640		**4,140**	11,500
Gowrie State School - Learning space upgrades	307	370	65	**305**	
Gracemere State School - Amenities upgrades	308	270		**270**	
Grantham State School - Amenities upgrades	307	1,040		**1,040**	
Gumdale State School-Additional classrooms	301	6,440	757	**5,683**	
Hamilton State School-Additional classrooms	305	4,305	3,780	**525**	

Education

Project	Statistical Area	Total Estimated Cost $‘000	Expenditure to 30-06-21 $‘000	**Budget 2021-22 $‘000**	Post 2021-22 $‘000
Heatley Secondary College - New commercial kitchen	318	860		**292**	568
Hervey Bay State High School - Additional classrooms	319	4,968	1,637	**3,331**	
Highfields State School - Administration upgrades	317	2,700		**2,700**	
Indooroopilly State School - Administration upgrades	304	3,600		**3,600**	
Ipswich State High School - Additional classrooms	310	23,460		**5,060**	18,400
Junction Park State School - Amenities upgrades	303	400		**400**	
Kallangur State School-Additional classrooms	314	7,899	461	**6,306**	1,132
Kawana Waters State College - Additional classrooms	316	5,980		**4,140**	1,840
Kilcoy State School - Amenities upgrades	313	400		**400**	
Kirwan State School - Administration upgrades	318	1,800	80	**1,720**	
Lawnton State School - Additional classrooms	314	7,659	1,119	**6,540**	
Lockhart State School - Additional facilities	315	2,823	781	**2,042**	
Logan City Special School - Additional classrooms	311	2,116	559	**1,557**	
Mabel Park State High School - Additional classrooms	311	17,388	2,974	**14,414**	
MacGregor State School - Amenities upgrades	303	280		**280**	
Mackay Northern Beaches State High School - Additionalclassrooms	312	6,164		**4,324**	1,840
Mackenzie State Special School - Additional classrooms	303	6,072	3,885	**2,187**	
Malanda State High School - Additional classrooms	306	10,580		**4,600**	5,980
Mango Hill State School - Additional classrooms	314	11,040	3,766	**7,274**	
Manly State School-Additional classrooms	301	9,292		**2,024**	7,268

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Mansfield State High School - Additional classrooms	303	15,640		**9,660**	5,980
Mansfield State School-Additional classrooms	303	7,773	6,217	**1,556**	
Mareeba State High School - Amenities upgrades	306	800		**800**	
Maroon Outdoor Education Centre - Upgraded septic system	310	550		**550**	
Marsden State High School - Additional classrooms	311	16,836	10,768	**6,068**	
Marsden State School - Additional classrooms	311	10,120	1,475	**8,645**	
Mary Valley State College - Improved water supply	319	275		**275**	
Middle Park State School-School security fence	304	520		**520**	
Milton State School-Additional classrooms	305	1,225	583	**642**	
Mitchelton Special School - Additional classrooms	304	8,280	1,548	**6,614**	118
Miriam Vale State School - Amenities upgrades	308	960		**960**	
Mooloolaba State School - Additional classrooms	316	6,781	1,086	**5,695**	
Moranbah East State School - Additional classrooms	312	5,704		**1,242**	4,462
Morayfield State School-School security fence	313	471		**471**	
Mossman State High School - Improved water supply	306	495		**495**	
Mount Isa Central State School - School security fence	315	333		**333**	
Mount Marrow State School - Amenities upgrades	310	675		**675**	
Mudgeeraba Special School - Additional classrooms	309	11,960		**5,980**	5,980
New Farm State School - Additional classrooms	305	17,287	7,238	**10,049**	
Noosa District State High School - Pomona Campus - Administration upgrades	316	525	204	**321**	

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
North Arm State School - Administration upgrades	316	4,500		**4,500**	
Numinbah Valley State School - Amenities upgrades	309	400		**400**	
Nursery Road State Special School-Additional classrooms	303	7,912	5,167	**2,745**	
Oakey State High School - Classroom refurbishment	307	555	37	**518**	
Oakey State High School - Learning space upgrades	307	444	37	**407**	
Ormeau Woods State High School - Additional classrooms	309	9,002	2,424	**6,578**	
Pacific Pines State High School - Additional classrooms	309	23,920	1,109	**22,811**	
Palm Beach State School - Additional classrooms	309	9,752	2,500	**7,252**	
Park Ridge State High School - Additional classrooms	311	11,132		**6,440**	4,692
Park Ridge State School - Administration upgrades	311	3,478	1,480	**1,998**	
Parke State School-Amenities upgrades	319	900		**900**	
Parkhurst State School - Administration upgrades	308	5,400		**5,400**	
Peak Crossing State School - Administration upgrades	310	1,837	230	**1,607**	
Picnic Creek State School - Additional classrooms	309	10,212	909	**9,303**	
Pine Rivers Special School - Additional classrooms	314	8,924	8,129	**795**	
Pine Rivers Special School - Additional classrooms and administration centre	314	13,524		**8,791**	4,733
Proserpine State High School - Additional classrooms	312	3,450		**3,450**	
Redcliffe State High School - Learning space upgrades	313	740	333	**407**	
Redland District Special School - Additional classrooms	301	8,280	4,229	**4,051**	

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Rochedale State School - Additional classrooms	303	13,984		**4,195**	9,789
Rockhampton North Special School - Additional classrooms	308	14,628		**7,314**	7,314
Rockhampton State High School - School security fence	308	651		**651**	
Rosella Park School - Additional classrooms	308	8,740	1,268	**7,472**	
Rosewood State High School - Additional classrooms	310	6,440		**1,868**	4,572
Spinifex State College - Mount Isa - Student residential amenitie supgrades	315	320		**320**	
Spinifex State College - Mount Isa - Senior Campus-Amenitiesupgrades	315	352	16	**336**	
Spinifex State College - Mount Isa - Senior Campus-School security fence	315	651		**651**	
Springfield Central State School - Additional classrooms	310	8,556	1,511	**7,045**	
Southport Special School - Bus and taxi set down	309	550	11	**539**	
Southport State High School - Replacement building-Fire rectification	309	4,895	2,021	**2,874**	
Stretton State College - Additional classrooms	303	10,011	2,319	**7,692**	
Sunnybank Special School - Additional classrooms	303	7,544		**4,416**	3,128
Sunset State School - Amenities upgrades	315	400		**400**	
Tagai State College - Thursday Island Primary Campus - Amenities upgrades	315	1,360	96	**1,264**	
Taigum State School - Additional classrooms	302	2,392		**719**	1,673
Tannum Sands State School - Amenities upgrades	308	480		**480**	

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Taroom State School-Amenities upgrades	308	1,200	274	**926**	
The Gap State High School - Additional classrooms	304	11,316	5,741	**5,575**	
Toolooa State High School - Additional classrooms	308	7,176		**1,656**	5,520
Toowong State School-Additional classrooms	305	6,938	5,763	**1,175**	
Toowoomba West Special School - Additional classrooms	317	2,852	397	**2,455**	
Toowoomba West Special School - Administration upgrades	317	3,600		**3,600**	
Townsville Community Learning Centre-A State Special School - Additional classrooms	318	6,992	334	**6,658**	
Urangan State High School - School security fence	319	959		**959**	
Victoria Point State High School - Additional classrooms	301	8,648		**2,594**	6,054
Virginia State School - Amenities upgrades	302	800		**800**	
Walloon State School - Additional classrooms	310	4,784		**1,410**	3,374
Warwick East State School - Structural rectification of heritage building	307	968	624	**344**	
Waterford West State School - Additional classrooms	311	6,900		**4,140**	2,760
Watson Road State School - School security fence	303	456		**456**	
West End State School - Additional classrooms - Stage 2	305	28,915	9,105	**19,810**	
Wilsonton State High School - Additional classrooms	317	15,180	1,409	**13,771**	
Windsor State School - Additional classrooms	305	7,696	6,867	**829**	
Wishart State School - Additional classrooms	303	5,888		**1,380**	4,508
Wishart State School - Additional classrooms in existing building	303	1,472	220	**1,252**	

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Woongarra State School - Wastewater and water service	319	550	22	**528**	
				140,838	
Wooloowin State School - Additional classrooms	305	8,924		**5,359**	3,565
Yarrabilba State School - Additional classrooms	311	19,320	827	**18,493**	
Yeppoon State High School - Additional classrooms	308	8,786	1,578	**7,208**	
Yeronga State School-Additional classrooms	303	8,004	1,164	**6,840**	
Yugumbir State School-School security fence	311	531		**531**	
Advancing Clean Energy Schools	Various	151,290	90,673	**39,287**	21,330
Air conditioning installation and replacement as part of the Cooler Cleaner Schools Program	Various	269,023	138,070	**53,938**	77,015
General and minor works	Various			**139,492**	Ongoing
Land acquisition	Various			**120,905**	Ongoing
School infrastructure enhancement	Various			**24,000**	Ongoing
School Subsidy Scheme	Various			**9,100**	Ongoing
Shovel Ready Program-Various minor works	Various	38,250	1,700	**10,200**	26,350
Sub-total Education Capital Works Program				**1,376,323**	
Early Childhood Education and Care Capital Works Program					
General and minor works	Various			**6,600**	Ongoing
Sub-total Early Childhood Education and Care Capital Works Program				**6,600**	
Plant and Equipment					
Education plant and equipment	Various			**60,028**	Ongoing
Office of Industrial Relations plant and equipment	Various			**3,678**	Ongoing
Sub-total Plant and Equipment				**63,706**	
Total Property, Plant and Equipment				**1,446,629**	
Capital Grants					
Capital grants-Education	Various			**116,708**	Ongoing
Racing Infrastructure Fund	Various	129,270	63,842	**21,530**	43,898
Country Racing Program	Various	15,600	10,400	**2,600**	2,600
Total Capital Grants				**140,838**	

Education

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
TOTAL EDUCATION (PPE)				**1,446,629**	
TOTAL EDUCATION (CG)				**140,838**	

Notes:

1. Refers to funding allocated in the 2021-22 Budget for 4 new schools to open in 2023 (new primary schools in Yarrabilba, Ripley and the Augustine Heights/Redbank Plains area, and a new secondary school in Palmview) and 6 new schools to open in 2024 (primary schools in Redland Bay, Bellbird Park and the Logan Reserve/Crestmead/Park Ridge area, and secondary schools in Springfield and the Collingwood Park/Redbank Plains and Logan Reserve/Park Ridge areas). Funding for a new primary school in Brisbane's inner-west, which will also open in 2024, was announced in the 2020-21 Budget and is listed separately.
2. Site for the school-based hub is yet to be determined.

3.5 EMPLOYMENT, SMALL BUSINESS AND TRAINING

Total capital purchases for the Employment, Small Business and Training portfolio, including TAFE Queensland, are $77.7 million in 2021-22. Total capital grants for the portfolio are $34.6 million in 2021-22.

Department of Employment, Small Business and Training

The 2021-22 capital program for the Department of Employment, Small Business and Training of $88.4 million includes $47.8 million of the $100 million Equipping TAFE for Our Future program. The Equipping TAFE for our Future program seeks to build on the outcomes of the Advancing our Training Infrastructure commitment. It supports training requirements of emerging industries whilst strengthening the productivity of existing industries as Queensland transitions from the impacts of COVID-19.

The capital program also includes $5 million of capital grants for construction of a Renewable Energy Training Facility, second stage of the Queensland Apprenticeship Centre at Beenleigh, incorporating a Hydrogen Training Centre of Excellence, and Revitalising TAFE campuses across Australia initiative, jointly funded with the Australian Government. The capital program includes a further $28.2 million for the Annual Training Infrastructure Program to renew and revitalise training infrastructure across the State, to improve accessibility to the necessary skills and training required to boost labour market productivity and aid economic recovery.

Program Highlights (Property, Plant and Equipment)

- $18.2 million for the commencement and delivery of Equipping TAFE for our Future projects including Eagle Farm Robotics and Advanced Manufacturing Centre, Bundamba Metal Trades, Manufacturing and Robotics Centre, Bohle Advanced Manufacturing Skills Labratory and Bowen Agricultural Centre of Excellence.
- $7.5 million for the delivery of the Revitalising TAFE campuses across Australia initiative. Projects include Coomera Marine Centre of Excellence, Mount Isa upgrade to engineering and trade workshops and Alexandra Hills electro-engineering upgrades.

Program Highlights (Capital Grants)

- $3 million in 2021-22 of $17 million for completion of the Renewable Energy Training Facility.
- $2 million in 2021-22 of $20 million for completion of the Hydrogen Training Centre of Excellence at Queensland Apprenticeship Centre Beenleigh.
- $29.6 million for Equipping TAFE for our Future projects including fit out at the new Robina TAFE Campus, the Training Centre of Excellence as the first stage

of the Central Queensland University Rockhamptom Campus consolidation and Mackay Ooralea Trade Training Centre Expansion by Central Queensland University.

Employment, Small Business and Training

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF EMPLOYMENT, SMALL BUSINESS AND TRAINING					
Property, Plant and Equipment					
Equipping TAFE for Our Future					
Bundamba Metal Trades, Manufacturing and Robotics Centre	310	7,000		**3,325**	3,675
Bowen Agricultural Centre of Excellence	318	3,400	255	**3,145**	
Eagle Farm Robotics and Advanced Manufacturing Centre	302	28,900		**2,168**	26,732
Cannonvale Aquaculture Training Centre	312	2,000	150	**1,850**	
Mooloolaba Cyber Security Training Operation Centre	316	2,000	150	**1,850**	
Bohle Advanced Manufacturing Skills Lab	318	3,600		**1,710**	1,890
Bundaberg Agriculture and Horticulture Centre	319	3,350		**1,591**	1,759
Hervey Bay Nursing and Allied Health Upgrades	319	1,200	90	**1,110**	
Toowoomba Rural Centre of Excellence	317	1,000	75	**925**	
Cairns Advanced Manufacturing Hub	306	3,600		**270**	3,330
Cairns Cyber Security Training Operation Centre	306	2,000		**150**	1,850
Bundaberg Maker Space Revitalising TAFE	319	1,000		**75**	925
Revitalising TAFE - Coomera Marine Centre of Excellence	309	11,082	5,820	**5,262**	
Revitalising TAFE - Statewide Trade Modernisation - Mount Isa	318	1,500	250	**1,250**	
Revitalising TAFE - Statewide Trade Modernisation - Alexandra Hills	301	1,208	250	**958**	

Employment, Small Business and Training

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Hills					
Annual Training Investment Program	302			**28,169**	Ongoing
Total Property, Plant and Equipment				**53,808**	
Capital Grants					
Equipping TAFE for our Future					
New Robina Campus fitout	309	10,000		**10,000**	
Central Queensland University Rockhampton Campus Consolidation and Training Centre	308	8,400	400	**8,000**	
Mackay Ooralea Trade Training Centre Expansion	312	7,500		**7,500**	
Southbank Cyber Security Training Operation Centre	303	2,000	150	**1,850**	
Yarrabilba Community TAFE Learning Centre (CTLC)	311	1,500	113	**1,387**	
Southbank Robotics Lab	303	950	71	**879**	
Renewable Energy Training Facility	302	17,000	14,000	**3,000**	
Hydrogen Apprenticeships Centre	311	20,000	18,000	**2,000**	
Total Capital Grants				**34,616**	
TAFE QUEENSLAND					
Property, Plant and Equipment					
Training and operational equipment acquisition, replacement and modernisation	Various			**8,682**	Ongoing
Product development	Various			**1,000**	Ongoing
One Network	Various			**960**	Ongoing
Identity Access Management build	Various	1,500		**1,500**	
Contact Centre technology refresh	Various	1,499	43	**1,456**	
ICT program of work	Various			**1,282**	Ongoing
Robina Campus fitout and equipment	309	9,335	335	**9,000**	
Total Property, Plant and Equipment				**23,880**	
TOTAL EMPLOYMENT, SMALL BUSINESS AND TRAINING (PPE)				**77,688**	
TOTAL EMPLOYMENT, SMALL BUSINESS AND TRAINING (CG)				**34,616**	

3.6 ENERGY AND PUBLIC WORKS

The Energy and Public Works portfolio includes the Department of Energy and Public Works, energy government-owned corporations, and statutory bodies reporting to the Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement. The portfolio's capital program for 2021-22 is $2.383 billion.

Department of Energy and Public Works

Total capital purchases for the Department of Energy and Public Works are $134.4 million in 2021-22.

Program Highlights (Property, Plant and Equipment)

- $73.6 million for the expansion and refurbishment of the Cairns Convention Centre to capitalise on the national and international convention centre markets.
- $44.6 million for a capital and upgrade program to deliver safe and improved employee housing in regional and remote locations across the State, including Aboriginal and Torres Strait Islander communities, thereby enabling key government workers including police, teachers, health professionals to deliver essential frontline services to Queenslanders.

CleanCo Queensland Limited

Total capital expenditure planned for 2021-22 is $222 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)

- $144.9 million to develop the Karara Wind Farm.
- $24.6 million to develop Kogan North Gas Fields.
- $17.1 million for scheduled major overhaul of existing infrastructure at Wivenhoe W1 Power Station.
- $5.6 million for scheduled major overhaul of existing infrastructure at Swanbank E Power Station.

CS Energy Limited

Total capital expenditure planned for 2021-22 is $80.8 million. This reflects CS

Energy's continued commitment to ongoing reliability and efficiency of generation plant at its power station sites.

Highlights (Property, Plant and Equipment)

- $53.6 million for overhauls, enhancements and refurbishments to existing infrastructure at Callide Power Station, including $43.5 million at Callide B.
- $16.5 million for overhauls, enhancements and refurbishments to existing infrastructure at Kogan Creek Power Station.
- $8.3 million to support the diversification of CS Energy’s portfolio to Future Energy Investments.
- $2.4 million for developments and refurbishments to Kogan Creek Mine.

Energy Queensland Limited

Total capital expenditure planned for 2021-22 is $1.536 billion and forms part of Energy Queensland’s commitment to providing safe, secure and highly reliable electricity to supply to all Queensland customers. Energy Queensland is focused on safety, 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 and minimum electricity demand.

Program Highlights (Property, Plant and Equipment)

- $39.9 million to establish five community-scale, grid-connected battery energy storage systems throughout the state.
- $30.3 million to replace the ageing 66kV powerline between Childers and Gayndah.
- $17.5 million to continue work on the redevelopment of the Greenslopes depot.
- $11.8 million to replace 66kV outdoor switchgear at Garbutt substation.
- $8 million to continue the upgrade of Mackay’s Tennyson Street substation.
- $7 million to continue the upgrade of Kilcoy’s substation.

Powerlink Queensland

Total capital expenditure planned for 2021-22 is $239.5 million. Powerlink Queensland is the high voltage electricity transmission entity for Queensland. It is predominately focussed on replacement of aged equipment and assets to ensure continued reliable supply of electricity.

Program Highlights (Property, Plant and Equipment)

- $37 million towards the Kidston Hydro 275kV Transmission Network Connection.
- $8.8 million to replace aged primary plant at Bouldercombe Substation near Rockhampton.

- $7.3 million to replace the soon to be obsolete energy management system providing real time monitoring of the transmission network.
- $5.1 million to replace aged secondary systems at Nebo Substation south west of Mackay.
- $4.2 million to replace aged secondary systems at the Gladstone South Substation.

Stanwell Corporation Limited

Total capital expenditure planned for 2021-22 is $170.2 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)

- $31.8 million for overhaul of generation assets and statutory inspections of infrastructure at Stanwell Power Station.
- $20.9 million for sustaining and refurbishing existing infrastructure and auxiliary systems at Tarong Power Station.
- $16.1 million to replace and refurbish handling equipment and infrastructure at Meandu Mine.
- $14.9 million to overhaul the turbine systems at Stanwell Power Station.

Energy and Public Works

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF ENERGY AND PUBLIC WORKS					
Property, Plant and Equipment					
Cairns Convention Centre expansion and refurbishment	306	172,171	98,592	**73,579**	
Thomas Dixon Centre refurbishment	305	82,407	80,709	**1,698**	
Government Employee Housing	Various			**44,626**	Ongoing
Office Accommodation Program	Various			**12,655**	Ongoing
Building works and capital replacements	Various			**500**	Ongoing
Other property, plant and equipment	Various			**1,358**	Ongoing
Total Property, Plant and Equipment				**134,416**	

Energy and Public Works

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
CLEANCO QUEENSLAND LIMITED					
Property, Plant and Equipment					
Karara Wind Farm development	307	250,000	1,000	**144,912**	104,088
Kogan North Gas Fields development	307			**24,556**	Ongoing
Wivenhoe major overhauls	310			**17,084**	Ongoing
Wivenhoe other projects	310			**9,450**	Ongoing
Swanbank E major overhaul	310			**5,649**	Ongoing
Swanbank E other projects	310			**9,510**	Ongoing
Kareeya Hydro other projects	306			**4,190**	Ongoing
Barron Gorge Hydro other projects	306			**1,488**	Ongoing
Koombooloomba Dam other projects	306			**128**	Ongoing
Other corporate projects	305			**5,060**	Ongoing
Total Property, Plant and Equipment				**222,027**	
CS ENERGY LIMITED					
Property, Plant and Equipment					
Callide Power Station enhancements, overhauls and refurbishment	308			**53,575**	Ongoing
Kogan Creek Power Station enhancements, overhauls and refurbishment	307			**16,548**	Ongoing
Kogan Creek Mine developments and refurbishment	307			**2,422**	Ongoing
Future Energy Investments	305			**8,262**	Ongoing
Total Property, Plant and Equipment				**80,807**	
ENERGY QUEENSLAND LIMITED					
Property, Plant and Equipment					
System Connections					
Network Connections - Ergon Energy	Various			**62,876**	Ongoing
Network Connections - Brisbane	Various			**44,155**	Ongoing
Network Connections - Gold Coast	309			**8,418**	Ongoing

Energy and Public Works

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Network Connections - Ipswich	310			**4,760**	Ongoing
Network Connections - Sunshine Coast	316			**13,592**	Ongoing
Replacements					
Replace transformers & Switchgear at Black Mountain	316	10,750	5,300	2,136	3,314
Replace 66kV outdoor switchgear at Garbutt	318	28,609	1,500	**11,832**	15,277
M028 Childers - Gayndah - aged line rebuild	319	75,860	1,561	**30,250**	44,049
Kilcoy Substation Upgrade	313	16,280	5,822	**6,977**	3,481
Howard Substation Refurbishment	319	11,301	9,120	**954**	1,227
Glenore Grove Substation Upgrade	310	7,710	4,745	**2,893**	72
Emerald Cornet Substation Upgrade	308	5,145	2,769	**908**	1,468
Dysart Substation Upgrade	312	14,580	12,742	**1,838**	
Charters Towers Substation Upgrade	318	5,360	3,849	**1,511**	
Mackay Tennyson Street Substation Upgrade	312	27,990	19,976	**8,014**	
Surfers Paradise Substation Upgrade	309	8,142	1,889	**6,253**	
Yarranlea Substation Upgrade	307	11,610	9,557	**2,053**	
Richlands Substation Upgrade	310	6,640	5,233	**1,407**	
Redcliffe Substation Upgrade	313	9,740	8,653	**1,087**	
Network Replacement					
Network replacement - Wide Bay - Energex	319			2,411	Ongoing
Network replacement - Brisbane	Various			79,056	Ongoing
Network replacement - Gold Coast	309			18,427	Ongoing
Network replacement - Ipswich	310			10,478	Ongoing
Network replacement - Sunshine Coast	316			26,201	Ongoing
Network replacement - Wide Bay - Ergon	319			42,110	Ongoing

ENERGY and Public Works

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Network replacement - Townsville	318			**84,221**	Ongoing
Network replacement - Toowoomba	317			**42,110**	Ongoing
Network replacement - Outback Queensland	315			**84,221**	Ongoing
Network replacement - Mackay	312			**84,221**	Ongoing
Network replacement - Central Queensland	308			**21,055**	Ongoing
Network replacement - Darling Downs	307			**21,055**	Ongoing
Network replacement - Cairns	306			**84,221**	Ongoing
Augmentation					
Cannonvale-Jubilee Pocket 66kV Reinforcement	312	17,820	250	**5,085**	12,485
Gracemere Substation Network Augmentation	308	10,900	8,473	**2,427**	
Network augmentation - Wide Bay	319			**10,855**	Ongoing
Network augmentation - Townsville	318			**21,711**	Ongoing
Network augmentation - Toowoomba	317			**10,855**	Ongoing
Network augmentation - Outback Queensland	315			**21,711**	Ongoing
Network augmentation - Mackay	312			**21,711**	Ongoing
Network augmentation - Central Queensland	308			**5,428**	Ongoing
Network augmentation - Darling Downs	307			**5,428**	Ongoing
Network augmentation - Cairns	306			**21,711**	Ongoing
Network augmentation - Brisbane	Various			**37,608**	Ongoing
Network augmentation - Gold Coast	309			**16,885**	Ongoing
Network augmentation - Ipswich	310			**6,841**	Ongoing

ENERGY and Public Works

Project	Statistical Area	Total Estimated Cost $'000	**Expenditure to 30-06-21 $'000**	**Budget 2021-22 $'000**	Post 2021-22 $'000
Network augmentation - Sunshine Coast	316			**20,443**	Ongoing
Non-Regulated					
Yurika digital platform	305			**700**	Ongoing
Ergon Energy Retail Information Communications and Technology	305			**6,883**	Ongoing
Metering Dynamics	305			**44,727**	Ongoing
Yurika Infrastructure Services Build, Own, Operate and Maintain	Various			**30,120**	Ongoing
Grid Scale Battery Storage Project	Various	40,000	**60**	**39,940**	
Other Isolated Systems Capital Work	Various			**27,856**	Ongoing
ICT					
Digital office capital expenditure - Energy Queensland	Various			**136,600**	Ongoing
Alternative Control Services					
Customer initiated works - Ergon Energy	Various			**62,733**	Ongoing
Customer initiated works - Brisbane	Various			**42,019**	Ongoing
Customer initiated works - Gold Coast	309			**18,470**	Ongoing
Customer initiated works - Ipswich	310			**7,367**	Ongoing
Customer initiated works - Sunshine Coast	316			**8,013**	Ongoing
Customer initiated works - Wide Bay	319			**3,898**	Ongoing
Non-System					
Cairns operational depot development	306	41,053	**21,053**	**3,500**	16,500
Vehicles - Ergon Energy	Various			**24,527**	Ongoing
Vehicles - Energex	Various			**14,290**	Ongoing
Maryborough Depot Development - Stage 1	319	20,452	**679**	**6,300**	13,473
Greenslopes depot development	303	31,846	**14,358**	**17,488**	
Rockhampton and Townsville Operational Technology Hosting Facility	Various	26,245	**20,725**	**5,520**	
Property and buildings program - Energex funded	Various			**1,738**	Ongoing
Property - minor program - Ergon funded	Various			**4,554**	Ongoing

ENERGY and Public Works

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Tools and equipment - Ergon Energy	Various			**5,900**	Ongoing
Tools and Equipment - Energex	Various			**2,300**	Ongoing
Total Property, Plant and Equipment				**1,535,843**	
POWERLINK QUEENSLAND					
Property, Plant and Equipment					
Kidston Hydro 275kV Transmission Network Connection	Various	258,200	13,315	**37,033**	207,852
Mackay Substation replacement	312	29,145	27,257	**1,794**	94
Callide A and Calvale 132kV network reinvestment	308	22,500	20,997	**616**	887
Gin Gin Substation rebuild	319	37,109	34,460	**2,066**	583
Calvale and Callide B secondary systems replacement	308	20,072	15,631	**1,270**	3,171
Bouldercombe primary plant replacement	308	40,400	17,707	**8,828**	13,865
Nebo primary plant replacement	312	25,470	17,940	**3,169**	4,361
Nebo secondary systems replacement	312	28,630	16,987	**5,091**	6,552
Total non-prescribed transmission network connections	Various			**20,003**	Ongoing
Total other projects	Various			**144,757**	Ongoing
Gladstone South Secondary Systems Replacement	308	20,800	2,508	**4,183**	14,109
Ross 275kV Primary Plant Replacement	318	21,100	4,505	**3,471**	13,124
Advanced Energy Management System Replacement	302	50,400	33,401	**7,255**	9,744
Total Property, Plant and Equipment				**239,536**	
STANWELL CORPORATION LIMITED					
Property, Plant and Equipment					
Stanwell Power Station - overhauls	308			**31,834**	Ongoing
Stanwell Power Station - Turbine overhauls	308			**14,935**	Ongoing

ENERGY and Public Works

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Stanwell Power Station - Other Sustaining Projects	308			**12,982**	Ongoing
Stanwell Power Station - Ash Storage Project	308	14,267	47	**10,647**	3,573
Stanwell Power Station - Generator Stators	308	20,767	1,840	**4,000**	14,927
Tarong Power Station - Overhauls	319			**242**	Ongoing
Tarong Power Station - ash off take project	319	11,627	9,415	**2,212**	
Tarong Power Station - other sustaining projects	319			**20,936**	Ongoing
Tarong Power Station - Low Temperature Reheater Replacement	319	10,124	100	**3,400**	6,624
Tarong Power Station - Control System Upgrade	319			**948**	Ongoing
Tarong Power Station - Generator Stators	319			**4,200**	Ongoing
Meandu Mine - Truck & Shovel Replacement Program	319			**5,274**	Ongoing
Meandu Mine - Dozer Replacement Program	319			**14,563**	Ongoing
Meandu Mine - Minor Works	319			**16,117**	Ongoing
Meandu Mine - Development Program	319			**14,138**	Ongoing
ICT - Hardware and Software Upgrades	305			**10,230**	Ongoing
ICT - Five Minute Settlement	305			**2,277**	Ongoing
Other Capital Projects	305			**1,232**	Ongoing
Total Property, Plant and Equipment				**170,167**	
TOTAL ENERGY AND PUBLIC WORKS (PPE)				**2,382,796**	

3.7 ENVIRONMENT AND SCIENCE

Department of Environment and Science

In 2021-22, the Environment and Science portfolio has a capital program of $61.1 million including $57.2 million in capital purchases and $3.8 million in capital grants. The capital program for the Department of Environment and Science reflects the department's contribution towards achieving a better Queensland through protecting and restoring our environment.

Program Highlights (Property, Plant and Equipment)

- $5.6 million towards delivery of buildings and park infrastructure to support visitor recreation, management and access of parks and recreation areas jointly managed by Traditional Owners and the department.
- $4.3 million invested in high priority land acquisitions for the expansion of the protected area land portfolio.
- $3.8 million towards the replacement of major vessels for marine parks management.
- $3.8 million capital grant for urgent remedial conservation works at Newstead House.
- $3.5 million to construct the Eastern Yalanjiwarra Culture and Tourism Hub and Visitor Centre at Daintree National Park.
- $2.1 million to deliver the final tranche of the Government Science Platform.
- $1.8 million for the redevelopment of visitor facilities, including the camping area and visitor centre at Girraween National Park.
- $1.6 million to upgrade walking trails on Magnetic Island National Park.
- $1.5 million for system enhancements to maintain the integrity of waste and resource recovery data.
- $1.5 million to replace remote area solar power systems at work bases in high priority parks.
- $1.5 million for enhancement of fire management capability on parks and forests estate.
- $1.4 million to upgrade visitor infrastructure at Bowling Green Bay National Park.
- $1 million to acquire land to enhance environmental protection of Great Barrier Reef islands.

- $909,000 towards a major upgrade of Central Station day use area on Fraser Island (K'Gari).

Environment and Science

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2021-22 $'000**	Post 020-21 $'000
DEPARTMENT OF ENVIRONMENT AND SCIENCE					
Property, Plant and Equipment					
Buildings and infrastructure					
Joint Management Program	Various			**5,601**	Ongoing
Daintree National Park - Eastern Yalanjiwarra Culture and Tourism Hub and Visitor Centre	306	3,500		**3,500**	
Girraween National Park visitor facilities upgrade	307	3,329	249	**1,830**	1,250
Magnetic Island National Park trails network	318	3,110	500	**1,610**	1,000
Remote area power systems	Various	6,010	3,051	**1,459**	1,500
Bowling Green Bay National Park visitor facilities upgrade	318	1,925	320	**1,425**	180
Fraser Island (K'Gari) dingo fences	319	2,000		**1,000**	1,000
Fraser Island (K'Gari) - Central Station day use area upgrade	319	4,197	1,088	**909**	2,200
Crater Lakes National Park walking track upgrade	306	3,450		**850**	2,600
Whitsunday Islands National Park - Ngaro walking track additional facilities and track extension	312	3,700		**700**	3,000
Carnarvon National Park visitor facilities upgrade	308	2,397		**667**	1,730
Girringun National Park - Wallaman Falls visitor facilities upgrade	318	2,000		**600**	1,400
Raine Island beacon conservation	315	562		**562**	
Daisy Hill Conservation Park Action Plan visitor facilities upgrade	311	2,000		**500**	1,500
Conondale National Park -	316	2,000		**500**	1,500
Booloumba Creek visitor facilities upgrade					
Great Barrier Reef Investment Marine Park reef trails	Various	2,500	300	**450**	1,750

Environment and Science

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30/06/2020 $'000	**Budget 2021-22 $'000**	Post 020-21 $'000
Mount Archer National Park - Zamia walking track upgrade	308	565	150	**415**	
Bunya Mountains National Park visitor facilities upgrade	319	900		**400**	500
Boodjamulla (Lawn Hill) National Park - Riversleigh World Heritage Site and day use area upgrade	315	395	171	**224**	
Management and access facilities - parks and forests	Various			**6,023**	Ongoing
Recreation and visitor facilities - parks and forests	Various			**5,984**	Ongoing
Plant and equipment					
Marine parks major vessel replacements	Various	9,384	4,348	**3,768**	1,268
Parks and forests fire management	Various	6,800	5,300	**1,500**	
Enhanced Air Quality Monitoring equipment	Various	1,220	601	**396**	223
General plant and equipment	Various			**5,117**	Ongoing
Systems development					
Government Science Platform	Various	7,727		**2,138**	5,589
Waste management systems	Various	6,500		**1,500**	5,000
Enhanced Air Quality Monitoring systems	Various	1,050	200	**500**	350
General systems development Land	Various			**1,795**	Ongoing
Protected Area Strategy land acquisitions and management	Various	16,000	7,280	**4,320**	4,400
Great Barrier Reef Investment Island Arks project	Various	4,000	2,000	**1,000**	1,000
Total Property, Plant and Equipment				57,243	
Capital Grants					
Newstead House Capital Works Program	305	5,492		**3,848**	1,644
Total Capital Grants				3,848	
TOTAL ENVIRONMENT AND SCIENCE (PPE)				57,243	
TOTAL ENVIRONMENT AND SCIENCE (CG)				3,848	

3.8 JUSTICE AND ATTORNEY-GENERAL

The 2021-22 capital acquisitions budget for Justice and Attorney-General (including the Department of Justice and Attorney-General, Public Trustee of Queensland and the Crime and Corruption Commission) is $34.7 million.

Department of Justice and Attorney-General

The Department of Justice and Attorney-General capital acquisitions budget for 2021-22 is $19.7 million.

Program Highlights (Property, Plant and Equipment)

- $7.4 million to expand and upgrade existing audio-visual capacity in the justice system, which includes video conferencing and in-custody court appearances.
- $6.9 million to continue the ongoing program of minor capital works in courthouses.

Crime and Corruption Commission

The Crime and Corruption Commission's 2021-22 capital acquisition budget is $2.3 million.

Program Highlights (Property, Plant and Equipment)

- $1.4 million to replace computer and other information technology equipment and purchase computer software.
- $870,000 to replace vehicles.

Public Trustee of Queensland

The 2021-22 capital budget is $12.7 million. This capital budget will enable the Public Trustee of Queensland 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 customers and staff.

Program Highlights (Property, Plant and Equipment)

- $9.7 million in right of use assets for office accommodation lease.
- $3 million for refurbishment of existing regional office premises.

ENERGY and Attorney-General

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF JUSTICE AND ATTORNEY-GENERAL					
Property, Plant and Equipment					
Expansion and upgrade of existing audio visual capacity in the justicesystem	Various			**7,436**	Ongoing
Courthouses - minor capital works	Various			**6,925**	Ongoing
Minor capital works - software	305			**2,495**	Ongoing
Leasehold improvements	Various			**994**	Ongoing
Queensland Courts information systems	305			**795**	Ongoing
Other acquisitions of property, plant and equipment	Various			**1,081**	Ongoing
Total Property, Plant and Equipment				**19,726**	
CRIME AND CORRUPTION COMMISSION					
Property, Plant and Equipment					
Other plant and equipment and computer software	305			**1,396**	Ongoing
Vehicle replacements	305			**870**	Ongoing
Total Property, Plant and Equipment				**2,266**	
PUBLIC TRUSTEE OF QUEENSLAND					
Property, Plant and Equipment Finance lease	305	9,722		**9,722**	
Major office refurbishments - South Queensland Region	309	1,000		**1,000**	
Major office refurbishments - Central Queensland Region	308	1,000		**1,000**	
Major office refurbishments - North Queensland Region	306	1,000		**1,000**	
Total Property, Plant and Equipment				**12,722**	
TOTAL JUSTICE AND ATTORNEY-GENERAL (PPE)				**34,714**	

3.9 LEGISLATIVE ASSEMBLY OF QUEENSLAND

Legislative Assembly of Queensland

The total planned 2021-22 capital expenditure for the Legislative Assembly of Queensland is $7.9 million. Major capital projects include continuation of an upgrade to critical building infrastructure and services supporting the Parliamentary Annexe, the ongoing electorate office accommodation improvement program, and replacement of precinct information technology network infrastructure.

Legislative Assembly of Queensland

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
LEGISLATIVE ASSEMBLY OF QUEENSLAND					
Property, Plant and Equipment					
Critical infrastructure and services upgrade program	305	14,493	9,631	**4,862**	
Electorate office accommodation improvement program	Various			**600**	Ongoing
Information technology network infrastructure	305			**700**	Ongoing
Building management and security system upgrade	305	386		**386**	
Other property, plant and equipment	305			**1,334**	Ongoing
Total Property, Plant and Equipment				**7,882**	
TOTAL LEGISLATIVE ASSEMBLY OF QUEENSLAND (PPE)				**7,882**	

3.10 PREMIER AND CABINET

The Department of the Premier and Cabinet (including Ministerial Offices and Office of the Leader of the Opposition) has planned capital purchases of $860,000 and capital grants of $11.3 million in 2021-22.

Department of the Premier and Cabinet

Program Highlights (Property, Plant and Equipment)

- $560,000 for ongoing upgrades and maintenance of departmental ICT systems and other minor works.
- $300,000 for ongoing upgrades and maintenance of existing Ministerial Services ICT systems.

Program Highlights (Capital Grants)

- $6.3 million out of a total of $6.8 million for the Far North Queensland film studio, a multi-purpose film studio in Cairns.
- $4.5 million out of a total of $5 million for the Gold Coast television hub, a multi-purpose facility for scripted and unscripted television production and post-production that can be utilised according to the needs of productions.
- $500,000 out of a total $4 million for the Queensland Remembers Grants Program to support ex-service organisations and not-for-profit organisations that provide services to veterans to upgrade their buildings, facilities and equipment.

Premier and Cabinet

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF THE PREMIER AND CABINET					
Property, Plant and Equipment					
Departmental ICT systems and other minor works	305			**560**	Ongoing
Ministerial Offices and Office of the Leader of the Opposition - ICTinfrastructure	305			**300**	Ongoing
Total Property, Plant and Equipment				**860**	
Capital Grants					
Screen Queensland - Far North Queensland film studio	306	6,800	500	**6,300**	

Premier and Cabinet

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Screen Queensland - Gold Coast television hub	309	5,000	500	**4,500**	
Queensland Remembers Grants Program	Various	4,000		**500**	3,500
Total Capital Grants				**11,300**	
TOTAL PREMIER AND CABINET (PPE)				**860**	
TOTAL PREMIER AND CABINET (CG)				**11,300**	

3.11 QUEENSLAND CORRECTIVE SERVICES

Queensland Corrective Services capital program for 2021-22 of $364.2 million will primarily focus on correctional centre expansion and enhancements.

Queensland Corrective Services

Program Highlights (Property, Plant and Equipment)

- $320 million of $654 million to continue the expansion of Southern Queensland Correctional Precinct with a new 1,000 bed correctional centre focusing on health and rehabilitation to reduce reoffending.
- $20.6 million of $241 million to complete the construction of an additional 398 beds at Capricornia Correctional Centre.
- $8 million to install additional bunk beds in high security correctional centres across Queensland to manage the increasing prison population.
- $5 million of $13.6 million to upgrade the intercom system at the Woodford Correctional Centre.
- $2.5 million of $3 million to continue refurbishment of the Princess Alexandra Hospital Secure Unit.
- $7.5 million to acquire other property, plant and equipment.

Queensland Corrective Services

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
QUEENSLAND CORRECTIVE SERVICES					
Property, Plant and Equipment					
Queensland Corrective Services					
Major works - correctional centres					
Southern Queensland Correctional Precinct - Stage 2	310	653,978	43,811	**320,000**	290,167
Capricornia Correctional Centre expansion	308	241,000	220,383	**20,617**	
Sub-total Major works - correctional centres				**340,617**	
Correctional centre enhancements					
Woodford Correctional Centre - intercoms	313	13,600	1,954	**5,000**	6,646
Princess Alexandra Hospital Secure Unit	303	3,000	471	**2,529**	

Queensland Corrective Services

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Double Up Bunk Beds	Various	8,000		**8,000**	
Sub-total Correctional centre enhancements				**15,529**	
Other acquisitions of property, plant and equipment					
Brisbane Correctional Centre laundry	310	3,000	2,400	**600**	
Other acquisitions of property, plant and equipment	Various			**7,501**	Ongoing
Sub-total Other acquisitions of property, plant and equipment				**8,101**	
Sub-total Queensland Corrective Services				**364,247**	
Total Property, Plant and Equipment				**364,247**	
TOTAL QUEENSLAND CORRECTIVE SERVICES (PPE)				**364,247**	

3.12 QUEENSLAND FIRE AND EMERGENCY SERVICES

Queensland Fire and Emergency Services

The 2021-22 Queensland Fire and Emergency Services (QFES) capital program of $58.7 million in capital purchases and $897,000 in capital grants supports the provision of fire and rescue and emergency management services throughout Queensland. The program will fund fire and emergency services facilities, fire appliances, and essential operational equipment and information systems.

Following the disestablishment of the Public Safety Business Agency, the Queensland Police Service will provide information and communications technology systems and equipment to QFES to support the delivery of essential frontline public safety services to Queensland communities.

Program Highlights (Property, Plant and Equipment)

- $30.5 million for replacement and new fire and rescue and rural fire appliances.
- $8.2 million to continue the replacement of the Maryborough regional QFES headquarters and auxiliary fire and rescue station.
- $4.9 million to complete the replacement of the auxiliary fire and rescue stations at Gracemere, Longreach, Rainbow Beach and Rosewood.
- $3.3 million to continue the replacement of the permanent fire and rescue station at Loganlea.
- $3.2 million for operational equipment, including protective clothing, specialist and field-portable scientific analysis and detection equipment, compressors for self-contained breathing apparatus, swiftwater rescue craft, battery powered rescue equipment, accommodation shelters, satellite communications hardware for deployable disaster response, and slip-on units and trailers.
- $2 million to complete the auxiliary fire and rescue station relocation and upgrade at Mossman.
- $2 million to continue the new permanent fire and rescue station at Mount Cotton.
- $2 million for minor capital works across the State, including upgrades of fire and rescue station amenities.
- $1.8 million to complete the replacement QFES complex at Maleny.
- $600,000 to continue the replacement QFES mechanical workshop at Pinkenba.
- $200,000 for rural operations land purchases.

Program Highlights (Capital Grants)

- $712,000 for State Emergency Service capital grants.
- $185,000 for Rural Fire Brigade capital grants.

Queensland Fire and Emergency Services

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
QUEENSLAND FIRE AND EMERGENCY SERVICES					
Property, Plant and Equipment					
Buildings					
Gracemere replacement auxiliary fire and rescue station	308	2,210	1,714	**496**	
Loganlea replacement permanent fire and rescue station	311	4,000	152	**3,348**	500
Longreach replacement auxiliary fire and rescue station	315	4,430	2,700	**1,730**	
Maleny replacement QFES complex	316	3,900	2,142	**1,758**	
Maryborough replacement regional QFES headquarters andauxiliary fire and rescue station	319	12,100	376	**8,224**	3,500
Mossman auxiliary fire and rescue station relocation and upgrade	306	2,001	51	**1,950**	
Mount Cotton new permanent fire and rescue station	311	7,200	1,800	**2,000**	3,400
Pinkenba replacement QFES mechanical workshop	302	9,000	525	**600**	7,875
Rainbow Beach replacement auxiliary fire and rescue station	319	2,500	950	**1,550**	
Rosewood replacement auxiliary fire and rescue station	310	2,000	900	**1,100**	
Minor works	Various			**2,024**	Ongoing
Sub-total Buildings				**24,780**	
Land					
Rural operations land purchases	Various			**200**	Ongoing
Plant and Equipment					
Fire and rescue appliances	Various			**18,000**	Ongoing
Rural fire appliances	Various			**12,500**	Ongoing
Operational equipment	Various			**3,222**	Ongoing

Queensland Fire and Emergency Services

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Total Property, Plant and Equipment				**58,702**	
Capital Grants					
Rural Fire Brigades	Various			**185**	Ongoing
State Emergency Service	Various			**712**	Ongoing
Total Capital Grants				**897**	
TOTAL QUEENSLAND FIRE AND EMERGENCY SERVICES (PPE)				**58,702**	
TOTAL QUEENSLAND FIRE AND EMERGENCY SERVICES (CG)				**897**	

3.13 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 Berghofer), the Queensland Mental Health Commission, the Office of the Health Ombudsman, Health and Wellbeing Queensland and 16 independent Hospital and Health Services. The total capital investment program in 2021-22 for Queensland Health, including QIMR, is $1.352 billion.

Queensland Health and Hospital and Health Services

The Queensland Health Capital Program delivers built infrastructure and digital technologies to enable the delivery of safe, high quality health services to Queenslanders. The built infrastructure, equipment and technology requirements of Queensland Health are driven by clinical services planning and models of care.

Over the next 10 years, the demand on Queensland's public health system is projected to increase significantly, and the Queensland Health Capital Program is positioned to respond to these pressures with innovative approaches to managing existing assets, leveraging emerging healthcare technology, and utilising contemporary building practices and enhanced design processes.

Queensland Health also uses a strategic approach to forward planning which considers the needs of all Queenslanders, plus efficiencies that can be leveraged across the State-wide network. This ensures healthcare infrastructure and equipment programs are delivered to the right place, at the right time, for Queensland communities.

In addition to investment in Queensland Health owned capital infrastructure, Queensland Health is also committed to partnering with the private sector to drive better access to healthcare in areas of high demand. Through partnership and innovation with Mater, Queensland Health will expand its access to beds through the investment of $177 million in the expansion at Mater Public Hospital Springfield.

Program Highlights (Property, Plant and Equipment)

In 2021-22, 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.

$283.7 million as part of the Building Better Hospitals program including:

- $103.5 million for the Caboolture Hospital Redevelopment to support an additional 130 beds and refurbishment of critical clinical support services.

- $92.4 million for the Ipswich Hospital Expansion Stage 1A which includes redevelopment of the hospital including new mental health facilities for adults and older persons, 26 bed ward refurbishment and a Magnetic Resonance Imaging suite to grow clinical capacity.
- $79.5 million for the Logan Hospital Expansion which will deliver an additional 206 beds/bed alternatives with a vertical expansion of Building 3 and targeted refurbishment of other key locations.
- $10.5 million including $2.2 million of funding 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.

$233.6 million under the Sustaining Capital Program will be distributed across Hospital and Health Services and Department of Health for a range of capital works projects, minor capital projects and replacement of health technology equipment. The program will enhance and optimise existing infrastructure to ensure facilities and equipment are fit for purpose. 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).

$105 million in 2021-22 as part of the $265 million Satellite Hospitals Program to deliver satellite hospitals to Bribie Island, Caboolture, Brisbane South, Pine Rivers, Gold Coast, Ipswich, and Redlands. The Satellite Hospitals Program will enable our acute hospitals in Southeast Queensland to manage demand and free up capacity while continuing to safely manage patients via alternative models of care. The satellite hospitals will also provide virtual health opportunities including a range of rapid access consults, care co-ordination, remote monitoring, and patient literacy services.

$66.4 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 the Nambour Hospital, redevelopment of the Atherton Hospital, including the emergency department and operating theatres, and staged refurbishment of the Thursday Island Hospital and Primary Health Care Centre.

$50.2 million as part of the Rural and Regional Infrastructure Package for construction of a new mental health facility at Cairns Hospital, a purpose-built Sarina Hospital and staff accommodation, staff accommodation projects across the State, and for the replacement of the Mer (Murray) Island Primary Health Care Centre.

$43 million for an expansion of the Gold Coast University Hospital to deliver a Secure Mental Health Rehabilitation Unit.

$40.3 million in hospital parking projects to meet increasing demand for parking, including:

- $18.1 million for the new multi-storey car park at Caboolture Hospital, providing approximately 1,080 parking spaces in a mix of multi-storey and at grade facilities, accessible parking spaces, electric vehicle charging bays and motorcycle parking. Combined with other car spaces around the site, there will be approximately 1,640 spaces in total.
- $15.3 million for the construction of an eight level carpark on the Logan Hospital site, delivering 1,506 parking bays, and construction of a linkway bridge to Building 3 following the expansion of the Logan Hospital.
- $5.5 million for the construction of new multi-level car park for Redland Hospital.
- $1.4 million for the commencement of a new multi-storey car park at The Prince Charles Hospital.

$20 million for the Building Rural and Remote Health Program will address aging infrastructure at Camooweal, St George, Morven, Charleville and Blackwater and provide a safe, compliant and contemporary environment for the communities' health services.

$16.3 million for the redevelopment of the Redland Hospital site to meet the growing needs of the community and reduce pressure on other facilities in the region.

$15 million for the purchase of the preferred site for the proposed Bundaberg Hospital Redevelopment and associated project costs to enable detailed site planning in preparation for the first stage of the project.

$15 million for the Staff Accommodation Program to renew and replace existing healthcare staff accommodation pressures in Torres and Cape and North West Hospital and Health Services.

$12.4 million for the Windorah Primary Healthcare Centre replacement to provide contemporary and safe health services to the Windorah community, and address safety and compliance concerns with the existing facility.

$11.4 million for the Fraser Coast Mental Health Service Enhancement, providing a new adult acute mental health inpatient unit at Hervey Bay Hospital and sub-acute older persons mental health unit refurbishment at Maryborough Hospital.

$5.9 million for the Toowoomba Day Surgery Theatre to construct a two-theatre day surgery unit at the Baillie Henderson Hospital Campus, which is the endorsed site for the proposed Toowoomba Hospital Redevelopment.

$3.5 million for the redevelopment of the Moura Multi-Purpose Healthcare Service, including renewal and upgrading of aged care facilities with provision for future demand.

$2 million for the Woorabinda Multi-Purpose Health Service to increase from four residential aged care beds to 14, including the upgrade of the laundry facilities and the construction of a new kitchen.

$120.5 million will be invested in ICT to support the safe and efficient provision of health services that enable the successful delivery of health care and business services across Queensland. This investment will assist the transformation of healthcare delivery and mitigate the risk of digital infrastructure failure. Digital enhancements will also improve equity of service at rural and remote sites.

$17.3 million will be allocated by Hospital and Health Services for capital projects across Queensland in 2021-22. Projects include:

- $8.4 million for the Kingaroy Hospital Redevelopment which will increase patient treatment spaces from 46 to 66, improving the hospital's role as a hub for trauma, paediatric, obstetric, rehabilitation and mental health services in the region.
- $1.4 million to extend existing information technology services and develop new information technology services at the Sunshine Coast University Hospital.
- $1 million for a dedicated access road to the Logan Hospital Maternity Services Unit to provide a more accessible entry to the unit for patients presenting.
- $899,000 for refurbishment of a Birthing Suite at Weipa Hospital to reintroduce a high quality and holistic maternity service to address inequity in healthcare access and improve neonatal and maternal outcomes for isolated and Aboriginal and Torres Strait Islander community members who live and work in this region.

$50.4 million has been allocated to other acquisitions of property, plant and equipment across the state, including:

- $17 million for the Queensland Health Emission Reduction Program to support Queensland Health's state-wide energy efficiency projects.
- $11.1 million for the Queen Elizabeth II Jubilee Hospital 24 Bed Interim Demand Strategy project for the re-establishment of a 24 bed ward on level 5 of the hospital.

$5.5 million for the delivery of a second Computed Tomography (CT) scanner for the Robina Hospital to address the increased demand for procedures and emergency CT studies.

Queensland Ambulance Service

In 2021-22, the QAS will invest $61.8 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 and integration with health services, thus improving the close linkages and working relationships between public hospitals, as well as other emergency management infrastructure.

Program Highlights (Property, Plant and Equipment)

- $8.3 million to progress the planning and construction phases for new ambulance stations at Caloundra South, Petrie (Lawnton), Morayfield, Ormeau, Ripley, the new Burdell ambulance station and Local Ambulance Service Network office, and a replacement ambulance station at North Rockhampton.
- $9.9 million for redevelopment of the Cairns Ambulance Station and Operations Centre, Southport Ambulance Station and Gold Coast Operations Centre, and refurbishment of the Rockhampton Ambulance Station and Operations Centre.
- $5 million investment in minor works at various existing stations to improve functionality, amenities and prolong useful life.
- $1.5 million investment in the acquisition of strategically located land to accommodate future expansion of services aligned with identified growth areas.
- $29 million to commission 136 new and replacement ambulance vehicles including the continued rollout of power assisted stretchers and $1.5 million for the fit-out of Emergency Response Vehicles.
- $5 million investment in information and communication technology for software development projects to enhance patient care and service delivery.
- $1.6 million in operational equipment to support frontline services.

Council of the Queensland Institute of Medical Research

The QIMR Berghofer capital program in 2021-22 will invest $5.7 million for the acquisition of new and/or replacement state-of-the-art scientific equipment and research facilities.

Queensland Health

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
QUEENSLAND HEALTH AND HOSPITAL AND HEALTH SERVICES					
Property, Plant and Equipment[1]					
Hospital and Health Services					
Alcohol and Other Drug Community Treatment Program	Various	51,000	300	3,500	47,200
Advancing Queensland Health Infrastructure Program	305	240,000	103,304	66,375	70,321
Building Better Hospitals					
Caboolture Hospital[2] redevelopment—Stage 1	313	352,900	85,116	103,450	164,334
Ipswich Hospital expansion -[2] Stage 1A	310	146,300	38,321	92,398	15,581
Logan Hospital expansion[2]	311	460,871	34,104	79,511	347,256
Logan Hospital Maternity[3] Services upgrade	311	15,600	3,618	8,301	3,681
Building Rural and Remote Health Program	Various	70,000		20,000	50,000
Bundaberg Hospital detailed business case and land acquisition	319	21,655	6,523	15,000	132
Business Case Program	305			33,535	Ongoing
Caboolture Hospital multi-storey car park	313	46,610	7,134	18,120	21,356
Cairns Hospital Emergency Department expansion	306	30,000	2,729	7,700	19,571
Cairns Hospital 11 additional beds Block D4 ward fitout	306	4,450	2,398	2,052	
Cairns Hybrid Theatre	306	4,531	3,790	741	
Community Health and Hospitals	Various	127,430	8,508	40,628	78,294
Dakabin Family and Community Place	314	8,056	250	7,806	
Enhancing Regional Hospitals Program Roma Hospital redevelopment	307	116,598	113,854	466	2,278
Fraser Coast Mental Health Project	319	39,610	4,183	11,364	24,063
Gold Coast Secure Mental Health Rehabilitation Unit	309	105,544	2,167	43,022	60,355
Ipswich Hospital upgrade	310	22,000	310	6,000	15,690
Kirwan Health Campus	318	40,000	50	150	39,800

Queensland Health

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Logan Hospital multi-storey car park	311	61,920	29,504	**15,259**	17,157
Mackay Community Mental Health refurbishment	312	6,000		**1,200**	4,800
Master planning studies	Various			**2,352**	Ongoing
Moura Multi-Purpose Healthcare Service	308	7,200		**3,500**	3,700
Proserpine Hospital Acute Primary Care Clinic upgrade	312	5,000		**1,200**	3,800
Queensland Children's Hospital Resilience Project	305	8,647	7,473	**873**	301
Redland Hospital car park	301	34,465	1,993	**5,500**	26,972
Redland Hospital expansion -[4] Stage 1	301	32,000	735	**16,265**	15,000
Rockhampton Drug Rehabilitation and Treatment Facility	308	16,264	10,113	**5,708**	443
Rockhampton Hospital Cardiac Hybrid Theatre	308	18,200	100	**2,400**	15,700
Rockhampton Hospital Mental Health Ward Expansion	308	6,000	160	**2,800**	3,040
Rural and Regional Infrastructure Package					
Cairns Hospital Mental Health Unit	306	70,000	9,153	29,496	31,351
Mer (Murray) Island Building replacement	315	7,000	2,925	2,500	1,575
Sarina Hospital redevelopment[5]	312	21,500	1,734	16,773	2,993
Staff Accommodation Program	Various	13,150	11,685	1,465	
Rural and Regional Renal Program	305	9,320	175	**7,183**	1,962
Satellite Hospitals Program	Various	265,000	200	**105,000**	159,800
Staff Accommodation Program	Various	15,000		**15,000**	
Sunshine Coast University Hospital	316	1,872,151	1,812,477	**39,913**	19,761
Sunshine Coast University Hospital Patient Access and Coordination Hub	316	5,000	150	**4,850**	
Sustaining Capital Program[6]	Various			**233,640**	Ongoing
The Prince Charles Hospital Carpark	302	81,940	723	**1,424**	79,793
Toowoomba Day Surgery Theatre	307	42,000		**5,900**	36,100
Townsville University Hospital Hybrid Theatre	318	17,000		**530**	16,470

Queensland Health

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Townsville University Hospital upgrades	318	8,000	20	**410**	7,570
Windorah Primary Health Care	308	12,400		**12,400**	
Woorabindah Multi-Purpose Health Service	308	12,500		**2,000**	10,500
Yeronga Child and Youth Community Hub	303	7,835	200	**500**	7,135
Sub-total Hospital and Health Services				**1,096,160**	
Other Acquisitions of Property, Plant and Equipment					
Building works capital project management	305			**850**	Ongoing
Cairns Health Innovation Centre[7] land acquisition	306	15,000	200	**1,000**	13,800
Cladding Investigation and Remediation Program	305	27,300	12,055	**4,000**	11,245
Mareeba Hospital new CT scanner	306	5,000	2,384	**2,616**	
Queen Elizabeth II Jubilee Hospital Interim Demand Strategy	303	12,100	1,035	**11,065**	
Queensland Health Emission Reduction Program	305	30,000	3,000	**17,000**	10,000
Robina Hospital second CT scanner	309	5,650	170	**5,480**	
State-wide General Chemistry and Immunoassay Replacement and Automation Project	305	16,511	7,097	**7,913**	1,501
Varsity Lake Day hospital equipment	309	1,000	500	**500**	
Sub-total Other Acquisitions of Property, Plant and Equipment				**50,424**	
Information Communication and Technology					
Information communication and technology Darling Downs	305			**120,488**	Ongoing
Kingaroy redevelopment[8]	319	14,000	5,559	**8,441**	
Murgon nurses' quarters	319	250		**250**	
Sub-total Darling Downs				**8,691**	
Metro North					
Caboolture Hospital Mental Health Short Stay Unit	313	5,400	5,224	**176**	

Queensland Health

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Consumables and Prosthetics Tracking and Revenue business case	305	2,522	950	**1,572**	
Sub-total Metro North				**1,748**	
Metro South					
Capital projects	311	1,297		**1,297**	
Logan Hospital Maternity access road	311	3,048	1,650	**1,020**	378
Logan Hospital Maternity services[3] upgrade	311	2,275	37	**2,238**	
Sub-total Metro South				**4,555**	
Sunshine Coast					
Sunshine Coast University Hospital Group 4 ICT Project	316	55,900	54,535	**1,365**	
Sub-total Sunshine Coast				**1,365**	
Torres and Cape					
Weipa birthing suite	315	899		**899**	
Sub-total Torres and Cape				**899**	
Queensland Ambulance Service					
Burdell new station and Townsville LASN Office	318	6,000		**500**	5,500
Cairns Ambulance Station and Operations Centre redevelopment	306	10,415	784	**1,350**	8,281
Caloundra South new ambulance station	316	5,500	30	**300**	5,170
Petrie (Lawnton) new station	314	5,000		**500**	4,500
Morayfield new ambulance station	313	4,000		**500**	3,500
North Rockhampton Ambulance Station replacement	308	5,500		**1,000**	4,500
Ormeau new ambulance station	309	4,500	217	**3,000**	1,283
Ripley new ambulance station and Local Ambulance Service Networks Office	310	5,000	115	**2,500**	2,385
Rockhampton Ambulance Station and Operations Centre refurbishment	308	7,000	1,476	**5,524**	

Queensland Health

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Southport Ambulance Station and Gold Coast Operations Centreredevelopment	309	10,240	686	**3,000**	6,554
Minor works	305			**5,000**	Ongoing
Strategic land acquisitions	305			**1,500**	Ongoing
Ambulance vehicle purchases	305			**30,500**	Ongoing
Information systems development	305			**5,000**	Ongoing
Operational equipment	305			**1,600**	Ongoing
Sub-total Queensland Ambulance Service				**61,774**	
Total Property, Plant and Equipment				**1,346,104**	
COUNCIL OF THE QUEENSLAND INSTITUTE OF MEDICAL RESEARCH					
Property, Plant and Equipment					
Other scientific equipment [9]	305			**5,710**	Ongoing
Total Property, Plant and Equipment				5,710	
TOTAL QUEENSLAND HEALTH (PPE)				**1,351,814**	

Notes:

1. Total estimated cost may include both non-capital and capital components of project expenditure.
2. Total estimated cost includes funding of $3 million from South East Queensland—Planning for Growth.
3. Total funding for the Logan Hospital Maternity Services Update is $18.9 million including funding of $2.3 million from Metro South Hospital and Health Service and $1 million from minor capital projects and acquisitions.
4. Total funding for the Redland Hospital Expansion Stage 1 is $62 million including funding of $30 million from Community Health and Hospitals.
5. Total funding for Sarina Hospital Redevelopment is $31.5 million including funding of $10 million from Mackay Hospital and Health Service.
6. Amount is net of non capital component of project expenditure.
7. The acquisition of land for the Cairns Health Innovation Centre may occur earlier than planned with settlement possible in the 2021-22 year.
8. Total funding for Kingaroy Hospital Redevelopment is $92.5 million including funding of $14 million from Darling Downs Hospital and Health Service.
9. The QIMR Berghofer capital program in 2021-22 will invest $5.7 million for the acquisition of new and/or replacement state-of-the-art scientific equipment and research facilities.

3.14 QUEENSLAND POLICE SERVICE

Queensland Police Service

The 2021-22 Queensland Police Service capital program of $156.1 million supports quality frontline services throughout Queensland. The program will fund police facilities, motor vehicles, vessels, information and communication technology and other essential equipment.

Program Highlights (Property, Plant and Equipment)

- $40.6 million for new and replacement police service vehicles.
- $12.9 million to complete the replacement police facilities at Beaudesert, Biloela, Burketown, Nambour and Pormpuraaw.
- $11.3 million to progress the upgrades of the Cairns, Dalby and Warwick police facilities.
- $11.3 million for information and communications technology.
- $10.5 million for Camera Detected Offence Program equipment.
- $10.2 million for minor capital works and other plant and equipment across the state.
- $8.1 million to progress the new Cairns West and Ripley police facilities, complete the new Pimpama police facility and commence planning for the new Rosewood police facility.
- $7.6 million for the Public Safety Network.
- $7.2 million to progress the replacement police facilities at Cooroy, Cunnamulla and Woree.
- $6.5 million to complete the upgrade of the Aurukun police facility and commence the upgrades of the Mackay and Maryborough police facilities.
- $6 million for upgrades and replacements to air conditioning and closed circuit cameras at police facilities across the state.
- $5.5 million for new and replacement police service vessels.
- $4 million to support Queensland Ambulance Service information systems development.
- $4 million for aircraft maintenance.
- $3.7 million for Queensland Fire and Emergency Services information and communications systems and equipment.

- $2.7 million for mobile capability and the development of new applications for QLiTE mobile tablet devices.
- $2 million for land acquisitions.
- $1.7 million to progress the replacement police facilities at Clermont, Dayboro and Kirwan and the water police facility at Hervey Bay.
- $300,000 for other departmental information systems development.

Queensland Police Service

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
QUEENSLAND POLICE SERVICE					
Property, Plant and Equipment					
Buildings/ General Works					
Aurukun police facility upgrade	315	6,700	457	**6,243**	
Beaudesert replacement police facility	311	7,095	5,461	**1,634**	
Biloela replacement police facility	308	4,950	1,100	**3,850**	
Burketown replacement police facility	315	2,000	200	**1,800**	
Cairns police facility upgrade	306	17,412	3,022	**7,390**	7,000
Cairns West new police facility	306	2,300		**2,200**	100
Clermont replacement police facility	312	3,500		**50**	3,450
Cooroy replacement police facility	316	4,000	50	**1,000**	2,950
Cunnamulla replacement police facility	315	13,000	20	**200**	12,780
Dalby police facility upgrade	307	11,500	250	**3,410**	7,840
Dayboro replacement police facility	314	4,000		**500**	3,500
Hervey Bay replacement water police facility	319	3,800		**1,000**	2,800
Kirwan replacement police facility	318	30,000		**200**	29,800
Mackay police facility upgrade	312	4,000		**50**	3,950
Maryborough police facility upgrade	319	4,000		**200**	3,800
Nambour replacement police facility	316	8,300	5,060	**3,240**	
Pimpama new police facility	309	6,084	746	**5,338**	
Pormpuraaw replacement police facility	315	7,300	4,928	**2,372**	

Queensland Police Service

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Ripley new police facility	310	25,000	200	**500**	24,300
Rosewood new police facility	310	4,000		**50**	3,950
Warwick police facility upgrade	307	15,000	40	**500**	14,460
Woree replacement police facility	306	11,423	203	**6,000**	5,220
Sub-total Buildings/ General Works				**47,727**	
Land					
Land acquisition	Various			**2,000**	Ongoing
Plant and Equipment					
QGAir aircraft maintenance	Various			**4,022**	Ongoing
Air conditioning plant replacement program	Various			**4,000**	Ongoing
Closed circuit camera upgrades in various police facilities	Various			**2,000**	Ongoing
Minor works	Various			**6,000**	Ongoing
New and replacement vehicles	Various			**40,587**	Ongoing
Vessel management program	Various			**5,500**	Ongoing
Camera Detected Offence Program	Various			**10,483**	Ongoing
Mobile capability	Various			**2,720**	Ongoing
Queensland Ambulance Service information systems development	Various			**3,955**	Ongoing
Queensland Fire and Emergency	Various			**3,721**	Ongoing
Services information andcommunications systems and equipment					
Information and communication technology	Various			**11,255**	Ongoing
Public Safety Network	305			**7,583**	Ongoing
Other departmental information systems development	Various			**300**	Ongoing
Other plant and equipment	Various			**4,204**	Ongoing
Total Property, Plant and Equipment				**156,057**	
TOTAL QUEENSLAND POLICE SERVICE (PPE)				**156,057**	

3.15 QUEENSLAND TREASURY

Queensland Treasury

Queensland Treasury has capital grants of $122.7 million for 2021-22.

Program Highlights (Capital Grants)

- $122.7 million through the Queensland First Home Owners' Grant to assist first home buyers to enter the housing market.

Queensland Treasury

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
QUEENSLAND TREASURY					
Capital Grants					
Queensland First Home Owners' Grant	Various			**122,700**	Ongoing
Total Capital Grants				**122,700**	
TOTAL QUEENSLAND TREASURY (CG)				**122,700**	

3.16 REGIONAL DEVELOPMENT, MANUFACTURING AND WATER

The Regional Development, Manufacturing and Water portfolio includes the Department of Regional Development, Manufacturing and Water, Gladstone Area Water Board, Mount Isa Water Board, Seqwater, and Sunwater Limited. In 2021-22 the portfolio's capital program includes capital purchases of $471.1 million and capital grants of $28 million.

Department of Regional Development, Manufacturing and Water

The Department of Regional Development, Manufacturing and Water has capital purchases of $142.6 million and capital grants of $28 million in 2021-22.

Program Highlights (Property, Plant and Equipment)

- $140 million, as part of a $367.2 million investment to construct Rookwood Weir, to enhance agricultural and industrial development and to supplement urban water supplies in the Fitzroy Basin and Central Queensland. The project is delivered in partnership with the Australian Government, through the National Water Infrastructure Development Fund.

Program Highlights (Capital Grants)

- $15 million for the Emu Swamp Dam project to construct a water storage and distribution system to support expanded agriculture in the Granite Belt area. The project is delivered in partnership with the Australian Government, through the National Water Infrastructure Development Fund. In addition to the Southern Downs Drought Resilience Package, this project also aims to increase water availability in the Southern Downs region.
- $10 million as part of the $70 million Building our Regions (Round 6) for regional water infrastructure projects that deliver regional and economic development opportunities, support local industry growth, generate new sustainable jobs, and improve liveability in Queensland's regional communities.

Gladstone Area Water Board

Total capital expenditure planned for 2021-22 is $25.7 million, and is focused on continuing and improving the effective and safe operation of Gladstone Area Water Board's infrastructure and investigating long-term water security options.

Program Highlights (Property, Plant and Equipment)

- $4.2 million to complete construction of the $10.8 million new fish hatchery to replenish fish stocks in Awoonga Dam and meet regulatory requirements.

- $2.4 million to complete construction of a new pump station to increase capacity and supply water to Gladstone Regional Council reservoir (Kirkwood Reservoir).
- $2 million for continuation of the Gladstone Fitzroy Pipeline and associated infrastructure preparatory works to ensure that, subject to Government approval, construction is able to commence in the shortest possible time should drought conditions persist.
- $272,000 to complete construction of an emergency shelter at Awoonga Dam to provide a muster point for local residents in the event of a flood.

Mount Isa Water Board

Total capital expenditure planned for 2021-22 is $5.7 million, and is focused on continuing and improving the cost-efficient, reliable and safe operation of Mount Isa Water Board’s bulk water infrastructure.

Program Highlights (Property, Plant and Equipment)

- $2.6 million to renew the high-voltage yard and electro-mechanical equipment in Fred Haigh Pump Station to improve operational reliability and efficiency.
- $556,000 to renew pumps in the Lake Moondarra Deep Well Pump Station which will improve reliability and energy efficiency.
- $386,000 on construction of diesel backup functionality to improve reliability of Mount Isa City Council potable water supply.
- $358,000 on upgrades to chlorine dose equipment to renew outdated chlorination facilities.

Seqwater

Total capital expenditure planned for 2021-22 is $198.7 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)

- $75.3 million to commence construction of the South West Pipeline to connect the Beaudesert region to the South East Queensland Water Grid and improve water security.
- $8.1 million to undertake preparatory work for the Toowoomba to Warwick Pipeline, as part of the $19.3 million Southern Downs Drought Resilience

Package. The pipeline is currently estimated to cost $219 million with a targeted completion in 2023-24.

- $15.8 million to improve flood resilience at the Mount Crosby East Bank Water Treatment Plant including a new substation.
- $12.5 million to continue refurbishment and upgrade of 20 filters at the Mount Crosby East Bank Water Treatment Plant to improve capacity and reliability.
- $9.8 million to remobilise additional production capacity at the Western Corridor Recycled Water Scheme to supply industrial customers.
- $8.9 million to replace the reverse osmosis membranes at the Gold Coast Desalination Plant to maintain drought resilient water supply for the South East Queensland Water Grid.

Sunwater Limited

Total capital expenditure planned for 2021-22 is $98.4 million. The capital program is focused on enhancing Sunwater's dam infrastructure to meet extreme weather conditions and 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)

- $12.5 million to continue planning and investigatory work for the Paradise Dam improvement project to comply with dam safety standards for extreme weather events.
- $5.6 million to create new allocations in the Mareeba-Dimbulah Water Supply Scheme by reducing water losses and improving efficiency. The project is delivered in partnership with the Australian Government, through the National Water Infrastructure Development Fund.
- $4.5 million to investigate the feasibility of raising Burdekin Falls Dam to increase storage capacity and water supply in the Burdekin and surrounding regions.
- $1.7 million to continue planning works for the Burdekin Falls Dam improvement project to comply with dam safety standards for extreme weather events.

Regional Development, Manufacturing and Water

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF REGIONAL DEVELOPMENT, MANUFACTURING AND WATER					
Property, Plant and Equipment					
Rookwood Weir[1]	308	332,861	171,661	**140,000**	21,200
Other property, plant and equipment	Various			**2,600**	Ongoing
Total Property, Plant and Equipment				**142,600**	
Capital Grants[2]					
Building our Regions (Round 6)	Various	70,000		**10,000**	60,000
Emu Swamp Dam project	307	42,000	21,000	**15,000**	6,000
Southern Downs Drought Resilience Package	307	7,640		**3,000**	4,640
Total Capital Grants				**28,000**	
GLADSTONE AREA WATER BOARD					
Property, Plant and Equipment					
Awoonga Dam conduit inspection	308	1,502	549	**953**	
Awoonga Dam emergency muster shelter	308	1,667	1,395	**272**	
Awoonga Dam Fish Hatchery	308	10,840	6,639	**4,201**	
Boyne Island Reservoir access and roof replacement	308	913	412	**501**	
Boynedale and Four Mile Scrub walking track	308	1,122	121	**1,001**	
Emergency staircases -136 Goondoon Street	308	1,018	89	**929**	
Flowmeter replacements	308	897	189	**708**	
Gladstone Fitzroy Pipeline -planning	308	4,750	2,750	**2,000**	
Gladstone Water Treatment Plant filter replacement	308	2,501	551	**1,950**	
Gladstone Water Treatment Plant - plant 2 switchboard replacement	308	572	308	**264**	
Kirkwood Pump Station (connection to Gladstone Regional Council Kirkwood reservoir)	308	6,192	3,825	**2,367**	
Office refurbishment -136 Goondoon Street	308	567	2	**565**	
Program of smaller capital works projects	308			**8,267**	Ongoing

Regional Development, Manufacturing and Water

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Right of use lease assets	308			**853**	Ongoing
Upgrade Calliope Booster Pump Station	308	1,102	232	**870**	
Total Property, Plant and Equipment				**25,701**	
MOUNT ISA WATER BOARD					
Property, Plant and Equipment					
Chlorine dose equipment upgrade	315	1,162	804	**358**	
Fred Haigh pump station electro-mechanical overhaul	315	7,970	1,067	**2,639**	4,264
Lake Moondarra Deep Well pump station pumps renewal	315	1,125	169	**556**	400
Mount Isa City Council supply -diesel backup	315	1,628	1,242	**386**	
Other asset enhancements -less than $250,000	315			**714**	Ongoing
Other asset renewals -less than $250,000	315			**325**	Ongoing
Other plant and equipment -less than $250,000	315			**201**	Ongoing
Second pathogen disinfection system	315	1,765		**252**	1,513
Security upgrade	315	1,450		**256**	1,194
Total Property, Plant and Equipment				**5,687**	
SEQWATER					
Property, Plant and Equipment					
Ewen Maddock Dam safety upgrade - stage 2A	316	17,941	17,841	**100**	
Gold Coast Desalination Plant reverse osmosis membranereplacement	309	16,086	7,196	**8,890**	
Information and communication technology capital program	310			**8,437**	Ongoing
Lake Macdonald Dam safety upgrade - planning	316	127,278	21,551	**2,000**	103,727

Regional Development, Manufacturing and Water

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Mount Crosby East Bank substation and enabling works	310	35,600	4,909	**15,800**	14,891
Mount Crosby East Bank Water Treatment Plant filtration upgrade	310	37,777	25,277	**12,500**	
Mount Crosby Weir Bridge structure upgrade	310	22,660	567	**632**	21,461
Non-infrastructure capital works	310			**3,878**	Ongoing
Other infrastructure projects - Brisbane East	301			**3,913**	Ongoing
Other infrastructure projects - Brisbane North	302			**3,721**	Ongoing
Other infrastructure projects - Brisbane South	303			**1,017**	Ongoing
Other infrastructure projects - Brisbane West	304			**1,710**	Ongoing
Other infrastructure projects - Gold Coast	309			**2,380**	Ongoing
Other infrastructure projects - Ipswich	310			**18,144**	Ongoing
Other infrastructure projects - Logan-Beaudesert	311			**2,807**	Ongoing
Other infrastructure projects - Moreton Bay South	314			**1,393**	Ongoing
Other infrastructure projects - Sunshine Coast	316			**14,912**	Ongoing
Other infrastructure projects - Toowoomba	317			**750**	Ongoing
Other infrastructure projects - Wide Bay	319			**244**	Ongoing
Somerset Dam safety upgrade - planning	310	21,128	18,848	**2,280**	
South West Pipeline	311	95,200	18,030	**75,300**	1,870
Toowoomba to Warwick Pipeline - planning	307	8,100		**8,100**	
Western Corridor Recycled Water Scheme -industrial customers	310	9,837		**9,837**	
Total Property, Plant and Equipment				**198,745**	

Regional Development, Manufacturing and Water

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
SUNWATER LIMITED					
Property, Plant and Equipment					
Burdekin Falls Dam raising project - planning	318	17,120	12,620	**4,500**	
Burdekin Falls Dam improvement project - planning	318	17,232	14,790	**1,721**	721
Burdekin groundwater management	318	11,152	520	**5,624**	5,008
Coolmunda Dam improvement project - planning	307	6,101	2,110	**3,402**	589
Digital enterprise business systems - non-infrastructure	Various	47,471	21,708	**12,480**	13,283
Eungella Water Pipeline increased pumping capacity - planning	318	10,859	530	**2,000**	8,329
Mareeba-Dimbulah Water Supply Scheme efficiency improvementproject	306	30,840	25,282	**5,558**	
Non-routine capital works - bulk water infrastructure	Various			**208**	Ongoing
Non-routine capital works - industrial pipelines	Various			**4,145**	Ongoing
Non-routine capital works - irrigation systems	Various			**8,096**	Ongoing
Non-infrastructure capital works	Various			**7,447**	Ongoing
Paradise Dam improvement project - planning	319	32,030	19,530	**12,500**	
Paradise Dam essential works	319	105,500	96,500	**9,000**	
Potential commercial projects - planning	Various			**14,100**	Ongoing
Potential economic development projects - planning	Various			**1,250**	Ongoing
Right of use leased assets	Various			**1,434**	Ongoing
Teemburra Dam improvement project - planning	312	10,490	3,310	**4,900**	2,280
Total Property, Plant and Equipment				**98,365**	
TOTAL REGIONAL DEVELOPMENT, MANUFACTURING AND WATER (PPE)				**471,098**	
TOTAL REGIONAL DEVELOPMENT, MANUFACTURING AND WATER (CG)				**28,000**	

Regional Development, Manufacturing and Water

Notes:

1. The total capital expenditure component of the project is $347.9 million, which includes $15 million in centrally-held funding. The total project value of $367.2 million is inclusive of operating expenditure.
2. Capital grants for the Department of Regional Development, Manufacturing and Water excludes a $3.2 million capital grant from the department to Sunwater, which provides part of the funding source for Sunwater expenditure of $5.6 million in 2021-22, towards the Mareeba-Dimbulah Water Supply Scheme efficiency improvement project.

3.17 RESOURCES

Department of Resources

Total capital purchases for the Resources portfolio for 2021-22 is $12.1 million.

The department's capital investment program will support the management of disclaimed mine sites and maintenance of the State's stock route network. It also includes investment in digital solutions to support the vast datasets used to stimulate economic development in Queensland and other critical property, plant and equipment assets to support the department's service delivery requirements.

Resources

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF RESOURCES					
Property, Plant and Equipment					
Systems development	305			**2,344**	Ongoing
Abandoned mines - Care and maintenance, risk mitigation,remediation and consultation	Various	2,855	1,825	**1,030**	
Stock route network	Various			**800**	Ongoing
Other property, plant and equipment	Various			**7,966**	Ongoing
Total Property, Plant and Equipment				**12,140**	
TOTAL RESOURCES (PPE)				**12,140**	

3.18 SENIORS, DISABILITY SERVICES AND ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS

Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

The capital works program for the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships is $7.6 million in 2021-22. The total capital grants program for the department is $5.6 million in 2021-22.

Capital works investment is primarily within the Disability Services portfolio and capital grants relate to Aboriginal and Torres Strait Islander Partnerships programs.

Program highlights (Property, Plant and Equipment)

- $6.1 million to advance the provision of infrastructure in relation to robust and secure accommodation for complex clients with challenging behaviours. The projects within this program of work are major upgrades of 2 robust villas, upgrade of 2 Brian Parker Place (a disability accommodation dwelling) and the construction of a new purpose-built duplex in Wacol.
- $570,000 for accommodation and business solutions to support the implementation of the initiative to legally recognise Torres Strait Islander traditional child rearing practice.
- $500,000 to continue upgrading, improving and modifying accommodation facilities for people with an intellectual or cognitive disability who exhibit extremely challenging behaviours.
- $402,000 to refurbish office spaces and minor property, plant and equipment.

Program Highlights (Capital Grants)

- $2.8 million each for the construction and completion of 2 splash parks in discrete communities.

Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

Project	Statistical Area Estimated	Total Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF SENIORS, DISABILITY SERVICES AND ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS					
Property, Plant and Equipment					
Disability Services					
Wacol FDS transition accommodation	304	6,450	350	**6,100**	
General property upgrades	Various			**500**	Ongoing
Aboriginal and Torres Strait Islander Partnerships					
Legal Recognition of Torres Strait Islander Traditional Child Rearing Practice	Various	570		**570**	
Other Property, Plant and Equipment					
Office accommodation	Various			**402**	Ongoing
Total Property, Plant and Equipment				**7,572**	
Capital Grants					
Aboriginal and Torres Strait Islander Partnerships					
Splash Park - discrete community (Far North Queensland)	306	3,000	187	2,813	
Splash Park - discrete community (North Queensland)	318	3,000	208	2,792	
Total Capital Grants				**5,605**	
TOTAL SENIORS, DISABILITY SERVICES AND ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS (PPE)				**7,572**	
TOTAL SENIORS, DISABILITY SERVICES AND ABORIGINAL AND TORRES STRAIT ISLANDER PARTNERSHIPS (CG)				**5,605**	

3.19 STATE DEVELOPMENT, INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING

In 2021-22, the State Development, Infrastructure, Local Government and Planning portfolio, including Economic Development Queensland, South Bank Corporation and the Queensland Reconstruction Authority, has capital purchases of $90.6 million and capital grants of $1.009 billion.

Department of State Development, Infrastructure, Local Government and Planning

The Department of State Development, Infrastructure, Local Government and Planning has capital purchases of $4 million and capital grants of $494.6 million in 2021-22.

Program Highlights (Capital Grants)

- $148 million as part of the $1 billion Works for Queensland program to support local governments in regional Queensland undertake job-creating maintenance and minor infrastructure works.
- $85 million towards the $195 million Haughton Pipeline Stage 2 water security initiative for Townsville.
- $80 million as part of the $200 million COVID Works for Queensland program to support local governments to undertake job-creating maintenance and minor infrastructure projects.
- $30.6 million for the Building our Regions program (Rounds 1-5) to provide funding for critical infrastructure in regional areas of the State, while also generating jobs, fostering economic development and improving the liveability of regional communities.
- $30.3 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.
- $25 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.
- $25 million for the Resources Community Infrastructure Fund to support the post-COVID recovery of regional communities by improving economic and social infrastructure across Queensland’s resources communities.

- $25 million towards the $200 million South East Queensland Community Stimulus Program to fast track South East Queensland councils' investment in new infrastructure and community assets that creates jobs and delivers economic stimulus.
- $20 million towards the $50 million Unite and Recover Community Stimulus Package to fast track investment in new infrastructure and community assets that creates jobs and delivers economic stimulus.

Economic Development Queensland

In 2021-22, Economic Development Queensland has capital purchases of $79.9 million.

Program Highlights (Property, Plant and Equipment)

- $29.5 million for the urban renewal development at Northshore Hamilton.
- $15.2 million for the development of the Oxley Priority Development Area.
- $10.6 million for the Carseldine Urban Village development.
- $9.5 million for the proposed Cairns Regional Industrial Estate development.
- $6.2 million for the development at Sunshine Coast Industrial Park -Stage 2.
- $5.0 million for the development of the Yeronga Priority Development Area.

Queensland Reconstruction Authority

In 2021-22, the Queensland Reconstruction Authority has capital grants of $514.7 million to support the Queensland Government's program of infrastructure renewal and recovery within disaster-affected communities, and to help build disaster resilience across Queensland.

Program Highlights (Capital Grants)

- $481.4 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 2018 and 2021. These programs are jointly funded by the Queensland Government and the Australian Government.
- $14.4 million for the Queensland Resilience and Risk Reduction Fund, as part of a National Partnership Agreement, jointly funded with the Australian Government, to support disaster mitigation projects and build resilience to natural disasters.
- $12.2 million as part of the $32 million for Recovery and Resilience Grants program to support Queensland communities, funded by the Australian Government.

- $5.7 million towards rebuilding the Proserpine Entertainment Centre following Severe Tropical Cyclone Debbie.

South Bank Corporation

In 2021-22, South Bank Corporation has budgeted capital works expenditure of $6.6 million to enhance the South Bank Parklands, the Corporation's commercial assets, and the Brisbane Convention and Exhibition Centre.

State Development, Infrastructure, Local Government and Planning

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF STATE DEVELOPMENT, INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING					
Property, Plant and Equipment					
State development area acquisitions	318	12,329	8,400	**3,929**	
Other plant and equipment	305			**70**	Ongoing
Total Property, Plant and Equipment				**3,999**	
Capital Grants					
Works for Queensland	Various	1,000,000	552,000	**148,000**	300,000
Haughton Pipeline Stage 2	318	195,000	7,500	**85,000**	102,500
COVID Works for Queensland	Various	200,000	120,000	**80,000**	
Building our Regions (Rounds 1-5)	Various	330,610	284,791	**30,619**	15,200
Indigenous Councils Critical Infrastructure Program	Various	120,000	67,338	**30,338**	22,324
Local Government Grants and Subsidies Program	Various			**25,049**	Ongoing
Resources Community Infrastructure Fund	Various	100,000		**25,000**	75,000
South East Queensland Community Stimulus Program	Various	200,000		**25,000**	175,000
Unite and Recover Community Stimulus Package	Various	50,000	30,000	**20,000**	
Community Infrastructure Investment Partnership	Various	15,000	4,000	**8,000**	3,000
Roma Street Parklands	305			**7,643**	Ongoing
Hinchinbrook Harbour new sewage plant	318	6,433	1,133	**2,500**	2,800
Cunnamulla artesian hot springs and river walk experience	315	4,996	1,500	**2,500**	996

State Development, Infrastructure, Local Government and Planning

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Northern Peninsula Area water supply system - replacement of asbestos cement pipelines	315	5,000	3,583	**1,417**	
Northern Peninsula Area water supply system - water supply rectification and repair program of works	315	4,000	1,333	**1,333**	1,334
Ayr water supply infrastructure project - Stage 2	318	10,000	9,000	**1,000**	
Kuranda Skyrail and infrastructure levy	306			**744**	Ongoing
Palm Island rising main project	318	2,000	1,500	**500**	
Total Capital Grants				**494,643**	
ECONOMIC DEVELOPMENT QUEENSLAND					
Property, Plant and Equipment					
Northshore Hamilton	302	363,604	72,627	**29,464**	261,513
Oxley Priority Development Area	310	32,038	14,295	**15,215**	2,528
Carseldine Urban Village	302	39,158	28,521	**10,637**	
Cairns Regional Industrial Estate	306	31,500	500	**9,500**	21,500
Sunshine Coast Industrial Park - Stage 2	316	31,218	1,518	**6,200**	23,500
Yeronga Priority Development Area	303	27,448	14,194	**5,049**	8,205
Gold Coast Health and Knowledge Precinct	309	32,762	25,617	**1,435**	5,710
Gladstone State Development Area	308	18,916	7,316	**1,000**	10,600
Clinton Industrial Estate	308	20,114	1,364	**500**	18,250
Salisbury Plains Industrial Precinct	312	9,100	2,100	**500**	6,500
Yeerongpilly Green	303	70,118	55,983	**237**	13,898
Townsville Regional Industrial Estate	318	8,125	4,625	**200**	3,300
Total Property, Plant and Equipment				**79,937**	
QUEENSLAND RECONSTRUCTION AUTHORITY					
Capital Grants					
Disaster Recovery Funding Arrangements (Local Government Authorities)	Various			**481,421**	Ongoing

State Development, Infrastructure, Local Government and Planning

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Queensland Resilience and Risk Reduction Fund	Various	65,507	10,482	**14,411**	40,614
Recovery and Resilience Grants	Various	32,000	4,200	**12,200**	15,600
Proserpine Entertainment Centre	312	13,726	8,026	**5,700**	
Queensland Disaster Resilience Fund	Various	8,600	7,589	**1,011**	
Total Capital Grants				**514,743**	
SOUTH BANK CORPORATION					
Property, Plant and Equipment					
Parklands enhancements and replacements	305			**3,021**	Ongoing
Brisbane Convention and Exhibition Centre enhancements andreplacements	305			**3,000**	Ongoing
Investment properties - other enhancements and replacements	305			**430**	Ongoing
Car park upgrades and replacements	305			**196**	Ongoing
Total Property, Plant and Equipment				**6,647**	
TOTAL STATE DEVELOPMENT, INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING (PPE)				**90,583**	
TOTAL STATE DEVELOPMENT, INFRASTRUCTURE, LOCAL GOVERNMENT AND PLANNING (CG)				**1,009,386**	

3.20 TOURISM, INNOVATION AND SPORT

Department of Tourism, Innovation and Sport

Total capital purchases for the Department of Tourism, Innovation and Sport are estimated to be $27.4 million in 2021-22. Total Capital Grants for the department are estimated to be $138.9 million in 2021-22.

Program Highlights (Property, Plant and Equipment)

- $14.6 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.
- $9.9 million for a 94 kilometre walking and mountain biking trail from Palm Cove to Port Douglas, with public and eco-accommodation facilities.

Program Highlights (Capital Grants)

- $26.6 million to encourage Queenslanders to be more active, more often as well as working to increase health and wellbeing outcomes across the state in line with key government priorities.
- $20 million towards stage 1 of the redevelopment of the Sunshine Coast Stadium at Bokarina.
- $15 million to build resilient businesses, regions and communities by creating sustainable new jobs and increasing visitor expenditure through investment in tourism infrastructure that supports COVID-19 recovery.
- $15 million towards the redevelopment of the Ballymore Stadium in Herston to create a new Queensland Rugby Union high-performance centre.
- $12.6 million to deliver modular infrastructure solutions in high need communities that improves accessibility and activity, including support for female participation.

Stadiums Queensland

Stadiums Queensland’s 2021-22 capital outlay of $24 million represents the capital investment required to assist in ensuring that Queensland’s major sports and entertainment facilities continue to provide world-class fan experiences, support high performance development and facilitate community participation in sport and physical activity.

Tourism Innovation and Sport

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF TOURISM, INNOVATION AND SPORT					
Property, Plant and Equipment					
Queensland Active Precincts	Various	38,009	23,432	**14,577**	
Wangetti Trail	306	30,448	430	**9,900**	20,118
Sport and recreation - Queensland recreation centres	Various			**2,400**	Ongoing
Specialised Training Equipment	303	550		**550**	
Total Property, Plant and Equipment				**27,427**	
Capital Grants					
Local community sporting infrastructure	Various	43,000	2,400	**26,600**	14,000
Sunshine Coast Stadium	316	20,000		**20,000**	
Growing Tourism Infrastructure Fund 2020	Various	24,740	9,740	**15,000**	
Ballymore Precinct stage 1 redevelopment	305	15,000		**15,000**	
Active Community Infrastructure - Round 1	Various	25,430	12,785	**12,645**	
Sport Infrastructure Program	Various	28,753		**8,726**	20,027
Growing Tourism Infrastructure Fund	Various	30,609	24,826	**5,783**	
Great Barrier Reef Arena development project	312	10,000	5,000	**5,000**	
Allied Health and Wellbeing Centre (Clem Jones Centre)	301	5,000	250	**4,750**	
Townsville Sailing Club	318	4,000		**4,000**	
Year of Indigenous Tourism	Various	6,400	3,109	**3,291**	
Attracting Tourism Fund	Various	15,880	12,772	**3,108**	
Surf Lifesaving Infrastructure	Various	6,000	3,000	**3,000**	
Outback Tourism Infrastructure Fund	Various	7,796	5,931	**1,865**	
Wangetti Trail (Mowbray North)	306	5,443	3,630	**1,813**	
Great Barrier Reef Island Resorts Rejuvenation Program	Various	22,397	20,605	**1,792**	
2019 Monsoon Disaster Recovery - sporting infrastructure	Various	12,131	11,122	**1,009**	
AFL Grand Final legacy	Various	4,000	1,000	**1,000**	2,000
Community use of schools	Various	2,650	1,650	**1,000**	
Townsville Skate Park (Harold Phillips Park)	318	1,000	100	**900**	

Tourism Innovation and Sport

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
School Sport Infrastructure Program	Various	2,860	2,030	**750**	80
Whitsunday Sports Park	312	2,100	1,365	**735**	
Sport Female Facilities Program	Various	15,000	14,650	**350**	
Get Playing Places and Spaces	Various	28,129	27,878	**251**	
Footy Facilities Fund	Various	1,276	1,076	**200**	
Sports grant funding boost	Various	7,659	7,509	**150**	
Zillmere Sports Centre	302	6,241	6,116	**125**	
Get Playing Plus	Various	38,437	38,362	**75**	
Advance Queensland	308	3,080	3,060	**20**	
Total Capital Grants				**138,938**	
STADIUMS QUEENSLAND					
Property, Plant and Equipment					
Annual capital program	Various			**18,733**	Ongoing
Queensland Sport and Athletics Centre industry hub redevelopment	303	9,827	4,609	**5,218**	
Total Property, Plant and Equipment				**23,951**	
TOTAL TOURISM, INNOVATION AND SPORT (PPE)				**51,378**	
TOTAL TOURISM, INNOVATION AND SPORT (CG)				**138,938**	

3.21 TRANSPORT AND MAIN ROADS

In 2021-22, total capital purchases for the Transport and Main Roads portfolio are $6.902 billion including capital grants of $480.6 million. The portfolio includes the Department of Transport and Main Roads, Queensland Rail, Cross River Rail Delivery Authority, 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 2021-22, capital purchases total $4.206 billion towards infrastructure investment across the State. The Department of Transport and Main Roads is committed to creating a single integrated transport network accessible to everyone. Further detail on Department of Transport and Main Roads future program of work is provided in the Queensland Transport and Roads Investment Program.

Program Highlights (Property, Plant and Equipment)

- $200 million towards upgrading 10 kilometres of the Pacific Motorway between Varsity Lakes and Tugun, at a total estimated cost of $1 billion, funded in partnership with the Australian Government.
- $180 million towards providing a new 26 kilometre, 4-lane divided highway between the existing Bruce Highway interchange at Woondum, south of Gympie and Curra, at a total estimated cost of $1 billion, funded in partnership with the Australian Government.
- $135 million towards upgrading 8 kilometres of the Pacific Motorway between Eight Mile Plains and Daisy Hill, at a total estimated cost of $750 million, funded in partnership with the Australian Government.
- $119 million towards ongoing accessibility upgrades for the New Generation Rollingstock fleet to comply with disability standards.
- $115 million towards construction of the Coomera Connector (Stage 1) between Coomera and Nerang, at a total estimated cost of $1.53 billion, funded in partnership with the Australian Government.
- $107.7 million towards a new public transport ticketing system across the state, at a total estimated cost of $371.1 million.
- $105.9 million towards upgrading the Bruce Highway from 4 to 6 lanes between Caboolture-Bribie Island Road and Steve Irwin Way (Exit 163), at a total estimated cost of $662.5 million, funded in partnership with the Australian Government.

- $98.3 million towards duplicating from 2 to 4 lanes the Bruce Highway (Cairns Southern Access Corridor Stage 3) from Edmonton to Gordonvale, at a total estimated cost of $481 million, funded in partnership with the Australian Government.
- $86.3 million towards fitting existing New Generation Rollingstock with new European Train Control System signalling, at a total estimated cost of $255 million.
- $79.1 million towards upgrading the Maroochydore Road and Mons Road interchanges on the Bruce Highway, at a total estimated cost of $301.3 million, funded in partnership with the Australian Government.
- $65 million towards construction of the Townsville Ring Road (Stage 5) project to duplicate the existing ring road between Vickers Bridge and Shaw Road, at a total estimated cost of $230 million, funded in partnership with the Australian Government.
- $45 million towards upgrading Deception Bay Road interchange with the Bruce Highway, at a total estimated cost of $163.3 million, funded in partnership with the Australian Government.
- $42.5 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 estimated cost of $120.4 million, funded in partnership with the Australian Government.
- $40.1 million towards constructing bridges and approaches on the Bruce Highway (Haughton River Floodplain) south of Giru between Horseshoe Lagoon and Palm Creek, at a total estimated cost of $514.3 million, funded in partnership with the Australian Government.
- $36.6 million towards constructing a 4-lane duplication of Mount Lindesay Highway between Stoney Camp Road and Chambers Flat Road interchanges at Munruben, at a total estimated cost of $75 million, funded in partnership with the Australian Government.
- $36.1 million towards constructing a new 2-lane rural highway to connect Peak Downs Highway west of Walkerston to the Mackay Ring Road near Paget, at a total estimated cost of $150 million, funded in partnership with the Australian Government.
- $35 million towards constructing Rockhampton Ring Road to link the Bruce Highway through Rockhampton extending from the Capricorn Highway (Nelson Street), to Rockhampton—Yeppoon Road/Bruce Highway intersection, at a total estimated cost of $1.065 billion, funded in partnership with the Australian Government.

Program Highlights (Capital Grants)

- $70 million for Transport Infrastructure Development Scheme to local governments, including Aboriginal and Torres Strait Islander community assistance.
- $27.1 million towards Black Spot Program to reduce the risk of crashes.
- $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 5 years old.
- $12.1 million towards development of the cycle network throughout Queensland.
- $8.8 million towards constructing a roundabout at Beckmans Road and Cooroy -Noosa Road, at a total estimated cost of $9.8 million.

Far North Queensland Ports Corporation Limited

In 2021-22, Far North Queensland Ports Corporation Limited has allocated $38.3 million towards new and continuing development within its ports in Far North Queensland.

Program Highlights (Property, Plant and Equipment)

- $24.5 million towards further development of the Cairns Marine Precinct, at a total estimated cost of $28.3 million.

Gladstone Ports Corporation Limited

In 2021-22, Gladstone Ports Corporation Limited has allocated $118.5 million towards ongoing 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)

- $44.1 million to continue upgrades at the RG Tanna Coal Terminal at the Port of Gladstone.
- $14.1 million towards port services projects including Clinton Bypass Channel Widening.
- $11.7 million towards information system projects, including human resource information system, payroll upgrade, information system infrastructure lifecycle enhancement, port management information system and service enhancement project and enterprise resourcing planning replacement.

Gold Coast Waterways Authority

In 2021-22, the Gold Coast Waterways Authority has allocated $10.7 million to improve management of, and provide better access to, the Gold Coast Waterway, canals and rivers and to deliver the Spit Works Program.

Program Highlights (Property, Plant and Equipment)

- $6.4 million to deliver the Spit Works Program, including the Marine Stadium pontoon and jetty, and Muriel Henchman boat ramp and carparking facilities.
- $2.1 million to purchase a new work vessel and improvements to the Sand Bypass System.
- $1.2 million to provide boating infrastructure such as upgrades to public boat ramps and pontoons.
- $940,000 to improve access and safety by dredging navigation channels and to improve accessibility and quality of waterways information.

North Queensland Bulk Ports Corporation Limited

In 2021-22, North Queensland Bulk Ports Corporation Limited has allocated $18.8 million to continue port planning and development initiatives to meet industry requirements for export facilities.

Program Highlights (Property, Plant and Equipment)

- $4.2 million to replace Wharf 5 approach decks at the Port of Mackay, at a total estimated cost of $4.2 million.
- $3.2 million to replace Middle Breakwater fuel line supports, at a total estimated cost of $3.5 million.
- $2.5 million towards Mackay Tug Berth Facilities Stage 1, at a total estimated cost of $6.1 million.

Port of Townsville Limited

In 2021-22, Port of Townsville Limited has allocated $68.6 million towards ongoing development at the Port of Townsville.

Program Highlights (Property, Plant and Equipment)

- $65.3 million to continue the capital dredging and reclamation works to widen the shipping channels for access by larger vessels, at a total estimated cost of $232 million.

Queensland Rail

In 2021-22, $900.4 million is allocated towards capital purchases for Queensland Rail.

Program Highlights (Property, Plant and Equipment)

$541.7 million is provided towards projects that will grow or enhance the Queensland Rail network including:

- $151.2 million towards implementing the European Train Control System Level 2 in the Brisbane Inner City Network.
- $79.3 million towards constructing Clapham Yard Stabling at Moorooka.
- $50.3 million towards station accessibility upgrades at Albion, Auchenflower, Banyo, Bundamba, Buranda, Burpengary, Cannon Hill, Dakabin, East Ipswich, Lindum, Morningside, Southbank and Wooloowin train stations.
- $38.8 million towards upgrading vehicle and pedestrian access at Mayne Yard.
- $27.2 million towards providing additional park ‘n’ ride facilities at Lindum, Salisbury, and Springfield Central train stations.
- $24.9 million towards Mount Isa Line capacity and resilience improvements.

$358.7 million to replace, renew and upgrade rail infrastructure, rollingstock, buildings, facilities, and other network assets including:

- $142.5 million to invest in the South East Queensland network including rollingstock, operational facilities, track infrastructure, civil structures and signalling.
- $168.6 million to invest in the regional network including rollingstock, operational facilities, track infrastructure, civil structures and signalling.
- $47.6 million for business enabling investment on corporate, property and ICT works across Queensland.

Queensland Rail is also progressing a Regional Station Accessibility Upgrade Program, comprising approximately $51 million over the Forward Estimates. The program will provide enhanced station accessibility as well as other customer, employee and safety improvements. Initial priorities for investment include Rockhampton and Maryborough West stations, and feasibility planning for Bundaberg station.

Cross River Rail Delivery Authority

In 2021-22, $1.517 billion is allocated towards the construction of Cross River Rail, a new 10.2 kilometre rail line from Dutton Park to Bowen Hills which includes 5.9kilometres of twin tunnels under the Brisbane River and CBD

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
DEPARTMENT OF TRANSPORT AND MAIN ROADS					
Property, Plant and Equipment					
South Coast Region					
Coomera Connector (Stage 1),[1] Coomera to Nerang, construct additional lanes	309	1,530,500	30,500	**115,000**	1,385,000
Cunningham Highway (Ipswich -[2] Warwick), 2020 Disaster Recovery Funding Arrangements reconstruction works	310	84,276	2,758	**8,518**	73,000
Gold Coast Light Rail (Stage 3),[3] Broadbeach South to Burleigh Heads, construct light rail	309	1,044,000	77,240	**113,840**	852,920
Gold Coast Line Train Stations,[4] funding commitment	309	120,000	11,380	**3,000**	105,620
Greenbank bus facility, upgrade park 'n' ride	311	21,000	15,055	**3,363**	2,582
Loganlea train station relocation[5]	311	95,076	400	**1,200**	93,476
Mount Lindesay Highway[6] (Brisbane to Beaudesert), Stoney Camp Road to Chambers Flat Road, construct additional lanes	311	75,000	7,789	**36,600**	30,611
Mount Lindesay Highway (Brisbane to Beaudesert), Johanna Street to South Street (Jimboomba), duplication	311	53,000	200	**6,300**	46,500
Nerang—Murwillumbah Road,[7] various locations, safety treatments	309	33,937	3,834	**20,103**	10,000
Pacific Motorway, Daisy Hill to[8] Logan Motorway, funding commitment	311	1,000,000	12,200	**4,000**	983,800
Pacific Motorway, Eight Mile Plains to Daisy Hill, upgrade	Various	750,000	175,384	**135,000**	439,616
Pacific Motorway, Exit 41,[9] upgrade interchange	309	82,137	14,126	**58,100**	9,911

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Pacific Motorway, Exit 45 north off-ramp, upgrade interchange	309	20,000	1,000	**11,500**	7,500
Pacific Motorway, Exit 49,[9] upgrade interchange	309	110,768	5,324	**8,500**	96,944
Pacific Motorway, Varsity Lakes[10] (Exit 85) to Tugun (Exit 95) upgrade, widen to 6 lanes	309	1,000,000	243,540	**200,000**	556,460
Other construction	Various	45,862		**45,862**	
Sub-total South Coast Region				**770,886**	
Metropolitan Region					
Centenary Bridge Upgrade	304	244,000	18,292	**18,675**	207,033
Cleveland - Redland Bay Road[11] (Cleveland), Anita Street to Magnolia Parade, duplicate to 4 lanes	301	97,000	6,456	**14,644**	75,900
Gateway Motorway, Bracken[12] Ridge to Pine River upgrade, funding commitment	302	1,000,000	3,000	**3,600**	993,400
Gympie Arterial Road and[9] Strathpine Road (Bald Hills), improve intersection	302	30,000	6,337	**9,000**	14,663
Linkfield Road Overpass[13] upgrade	302	125,000	3,268	**5,732**	116,000
Moggill Sub-Arterial Road and[9] Brookfield Road (Kenmore), upgrade intersection	304	25,000	500	**1,500**	23,000
Mount Lindesay Arterial Road[14] (Beaudesert Road) and Illaweena Street, upgrade intersection	303	30,000	778	**1,200**	28,022
Northern Transitway, bus priority works	302	72,000	8,953	**24,277**	38,770
Other construction	Various	107,329		**107,329**	
Sub-total Metropolitan Region				**185,957**	
North Coast Region					
Beerburrum to Nambour Rail Upgrade (Stage 1)	316	550,791	43,696	**29,409**	477,686
Bells Creek Arterial Road, Caloundra Road to Bells Creek interchange, funding commitment	316	35,000	3,500	**14,000**	17,500

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Bruce Highway (Brisbane - Gympie), Caboolture - Bribie Island Road interchange to Steve Irwin Way	313	662,500	68,611	**105,909**	487,980
Bruce Highway (Brisbane - Gympie), Caloundra Road to Sunshine Motorway, upgrade	316	932,217	828,530	**31,000**	72,687
Bruce Highway (Brisbane - Gympie), Deception Bay Interchange Upgrade	313	163,300	50,663	**45,000**	67,637
Bruce Highway (Brisbane - Gympie), Maroochydore Roadand Mons Road Interchanges Upgrade	316	301,250	149,232	**79,094**	72,924
Bruce Highway (Brisbane -[12] Gympie), Pine River to Dohles Rocks Road interchange, funding commitment	Various	1,098,000	7,355	**7,225**	1,083,420
Caboolture - Bribie Island Road[15] upgrade program	313	30,400	9,054	**4,096**	17,250
Morayfield Road and Beerburrum[7] Road, various locations, improve intersections	313	28,800	22,259	**6,541**	
	314	30,000	14,314	**10,686**	5,000
Redcliffe Road (Anzac Avenue), Gympie Road and Dayboro Road (Petrie), improve intersection					
Strathpine - Samford Road[7] (Eatons Crossing Road and Mount Samson Road), improve intersection and route safety	314	57,000	1,428	**6,600**	48,972
Sunshine Motorway, Mooloolah River Interchange Upgrade (Stage 1)	316	320,000		**4,000**	316,000
Other construction	Various	121,671		**121,671**	
Sub-total North Coast Region				**465,231**	
Southern Queensland Region					

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Bruce Highway (Cooroy to Curra) Section D, construction	319	1,000,000	115,694	**180,000**	704,306
Bruce Highway (Gympie - Benaraby), various locations, upgrade culverts	319	43,980		**7,656**	36,324
Bruce Highway (Gympie - Maryborough), Gootchie Road to Sheehans Road, widen pavement and improve safety	319	26,647	1,227	**4,226**	21,194
Bruce Highway (Gympie - Maryborough), Tiaro Bypass, construct bypass	319	107,000	5,102	**2,533**	99,365
Bruce Highway (Maryborough - Gin Gin), Saltwater Creek, upgrade bridges and floodways	319	103,000	12,585	**31,733**	58,682
Cunningham Highway (Ipswich - Warwick), Eight Mile intersection upgrade	307	25,000	3,580	**15,008**	6,412
Isis Highway (Bundaberg -7 Childers), various locations, improve safety	319	41,818	800	**4,000**	37,018
Mundubbera - Durong Road, John16 Peterson Bridge (Boyne River), replace bridge	319	25,000	1,782	**8,600**	14,618
Torbanlea - Pialba Road, various16 locations, upgrade intersections and floodways	319	30,000	2,707	**7,264**	20,029
Other construction	Various	250,726		**250,726**	
Sub-total Southern Queensland Region				**511,746**	
Central Queensland Region					
Bruce Highway (Bowen - Ayr), Bowen Connection Road to Champion Street intersection, widen pavement	312	22,000	4,467	**8,733**	8,800
Bruce Highway (Gin Gin - Benaraby), Charnwood Road to Palm Creek, improve safety	308	24,000		**2,700**	21,300
Bruce Highway (Mackay - Proserpine), Hampden to Kuttabul, rehabilitate and widen	312	36,960	15,173	**8,730**	13,057

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Bruce Highway (Mackay - Proserpine), Jumper Creek, upgrade flood immunity	312	23,000	1,264	**1,636**	20,100
Bruce Highway (Proserpine - Bowen), Emu Creek to Drays Road, various locations, widen formation	312	38,820	9,308	**14,630**	14,882
Bruce Highway (Proserpine - Bowen), Ten Mile Creek to Yeates Creek, improve safety	312	44,070	2,634	**11,740**	29,696
Bruce Highway (Rockhampton - St Lawrence), Neilsen Avenue to Plentiful Creek, improve safety	308	21,250	5,252	**9,000**	6,998
Gavial - Gracemere Road (Lawrie[14] Street), widen to 4 lanes and upgrade intersections	308	35,000	3,000	**20,000**	12,000
Mackay Northern Access Upgrade, construct additional lanes	312	120,350	70,923	**42,500**	6,927
Mackay Port Access, Bruce Highway to Mackay - Slade Point Road, construct new 2 lane road	312	350,000	4,170	**4,888**	340,942
Mackay Ring Road (Stage 1),[17] construct	312	497,375	352,991	**17,212**	127,172
Peak Downs Highway (Clermont -[18] Nebo), Wuthung Road to Caval Ridge Mine, widen and strengthen pavement	312	35,000	7,222	**16,663**	11,115
Rockhampton Northern Access Upgrade	308	158,001	135,251	**22,750**	
Rockhampton - Yeppoon Road,[16] Yeppoon Road Upgrade	308	80,000	1,000	**10,000**	69,000
Rockhampton Ring Road, plan, preserve and construct	308	1,065,000	63,051	**35,000**	966,949
Walkerston Bypass	312	150,000	26,277	**36,060**	87,663
Other construction	Various	374,390		**374,390**	
Sub-total Central Queensland Region				**636,632**	
North Queensland Region					
Aramac - Torrens Creek Road,[19] pave and seal	315	20,000	5,000	**11,500**	3,500
Bruce Highway (Ayr - Townsville), Haughton River Floodplain upgrade, construct bridges and approaches	318	514,335	278,824	**40,072**	195,439

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Bruce Highway, Cairns Southern Access Corridor (Stage 3), Edmonton to Gordonvale, duplicate from 2 to 4 lanes	306	481,000	167,864	**98,281**	214,855
Bruce Highway, Cairns Southern Access Corridor (Stage 4), Kate Street to Aumuller Street, widen to 6 lanes	306	123,700	109,375	**8,510**	5,815
Bruce Highway, Cairns Southern Access Corridor (Stage 5), Foster Road, upgrade intersection	306	225,000	100	**2,000**	222,900
Burdekin River Bridge,[20] rehabilitation program	318	96,931	49,391	**3,500**	44,040
Cairns Ring Road (Cairns CBD to Smithfield), construct additional lanes	306	359,000	3,001	**13,999**	342,000
Cairns Southern Access Cycleway,[21] construct cycleway	306	24,029	3,536	**10,016**	10,477
Cairns Western Arterial Road, Redlynch Connector Road to Captain Cook Highway, duplication	306	300,000		**10,000**	290,000
Captain Cook Highway, Smithfield Bypass	306	164,000	122,882	**31,341**	9,777
Cloncurry - Dajarra Road, widen[19] and seal	315	20,000	5,000	**8,000**	7,000
Flinders Highway (Julia Creek -[16] Cloncurry), Scrubby Creek, strengthen pavement and widen floodway	315	32,651	1,952	**18,000**	12,699
Flinders Highway (Townsville -[16] Charters Towers), Townsville to Mingela Range (Package 1 and 2), construct overtaking lanes	318	22,980	600	**4,000**	18,380
Garbutt - Upper Ross Road (Riverway Drive), Stage 2, Allambie Lane to Dunlop Street, duplicate to 4 lanes	318	95,000	905	**2,598**	91,497

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Gregory Developmental Road[19] (Charters Towers - The Lynd), Marble Creek to Christmas Creek, widen pavement	318	25,000	1,995	**10,700**	12,305
Kennedy Developmental Road[16] (The Lynd - Hughenden), progressive sealing	315	50,000	16,554	**8,000**	25,446
Kennedy Highway (Cairns -[19] Mareeba), Kuranda Range, Intelligent Transport System	306	30,000	7,000	**12,000**	11,000
Kennedy Highway (Mareeba -[19] Atherton), targeted road safety improvements	306	37,500	11,520	**17,980**	8,000
Peninsula Developmental Road[22] (Coen - Weipa), Archer River Crossing, construct bridge	315	32,351	1,280	**9,000**	22,071
Townsville Connection Road (Idalia), University Road to Bowen Road Bridge, improve safety	318	46,400	50	**1,300**	45,050
Townsville Northern Access[23] Intersections Upgrade	318	99,768	11,035	**29,110**	59,623
Townsville Ring Road (Stage 5)	318	230,000	28,116	**65,010**	136,874
Other construction	Various	249,942		**249,942**	
Sub-total North Queensland Region				**664,859**	
Statewide					
Bruce Highway (Pine River - Cairns), Road Operations Improvements	Various	56,000	18,229	**27,330**	10,441
Marine Safety Minor Works	Various			**6,730**	Ongoing
New Generation Rollingstock[24]	Various	4,155,705	1,492,629	**118,999**	2,544,077
New Generation Rollingstock, European Train Control System fitment, install new signalling	Various	255,000	50,000	**86,340**	118,660
Rollingstock Expansion Program, construct new rollingstock	319	600,000	35,000	**16,000**	549,000
Transport Corridor Acquisition Fund	Various			**39,500**	Ongoing
Other construction	Various	53,434		**53,434**	

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Sub-total Statewide				**348,333**	
Other Property, Plant and Equipment					
Corporate buildings	Various			**8,000**	Ongoing
Information Technology	Various			**18,557**	Ongoing
New Public Transport Ticketing System	Various	371,060	226,380	**107,678**	37,002
Plant and equipment	Various			**11,354**	Ongoing
Sub-total Other Property, Plant and Equipment				**145,589**	
Total Property, Plant and Equipment				**3,729,233**	
Capital Grants					
Active Transport Rail Trails	Various	14,138	4,490	**1,525**	8,123
Alma Bay to Horseshoe Bay (Magnetic Island), upgrade various roads	318	7,000	2,100	**4,900**	
Beckmans Road and Cooroy - Noosa[25] Road, construct roundabout	316	9,810	1,000	**8,810**	
Black Spot Program	Various			**27,125**	Ongoing
Bridges Renewal Program[26]	Various			**19,500**	Ongoing
Bus Stop Shelter Program	Various	20,000	12,679	**4,000**	3,321
Cycling Program	Various			**12,148**	Ongoing
Eastern Transitway	303	30,000	10,538	**8,600**	10,862
Heavy Vehicle Safety and[27] Productivity	Various			**11,489**	Ongoing
Other Passenger Transport Grants	Various			**3,816**	Ongoing
Passenger Transport Accessible Infrastructure Program	Various			**5,252**	Ongoing
Queensland school bus upgrades	Various			**17,149**	Ongoing
Roads of Strategic Importance Initiative (Australian Government Funding)	Various	79,800	22,925	**27,370**	29,505
School Transport Infrastructure Program	Various	17,932	14,302	**3,423**	207
South Brisbane bike network	305	10,000	2,500	**2,500**	5,000
Transport Infrastructure Development Scheme	Various			**70,000**	Ongoing
Urban Congestion Fund (Australian Government Funding)	Various	392,790	19,155	**86,145**	287,490
Wheelchair Accessible Taxi	Various	20,890	10,218	**5,254**	5,418

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Sustainability Funding					
Yarrabah Jetty, design and construct	306	11,510	7,312	**2,231**	1,967
Other capital grants	Various	155,160		**155,160**	
Total Capital Grants				**476,397**	
FAR NORTH QUEENSLAND PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
Cairns marine precinct	306	28,317	3,400	**24,483**	434
Cairns shipping development project - fine sediment offset	306	3,753	1,705	**1,030**	1,018
General cargo consolidation	306			**4,002**	Ongoing
Mourilyan lease acquisitions	306	3,289	1,289	**1,000**	1,000
Plant, equipment and minor works	306			**3,646**	Ongoing
Site decontamination at Cityport Precinct 5	306	4,900	650	**2,150**	2,100
Tingira street subdivision development	306			**2,000**	Ongoing
Total Property, Plant and Equipment				**38,311**	
GLADSTONE PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
RG Tanna Coal Terminal Projects					
Conveyor life extension	308			**2,620**	Ongoing
Process Control Systems, stockpile management and upgrades	308			**41,450**	Ongoing
Auckland Point berth 1 projects	308			**8,490**	Ongoing
Auckland Point berth 3 projects	308			**1,350**	Ongoing
Barney Point projects	308			**1,750**	Ongoing
Environment projects	308			**500**	Ongoing
Fisherman's landing projects	308			**3,280**	Ongoing
Information systems projects	308			**11,684**	Ongoing
Marine pilot services projects	308			**580**	Ongoing
Marina projects	308			**5,951**	Ongoing
Plant, equipment and minor works	308			**8,143**	Ongoing
Port Alma projects	308			**1,446**	Ongoing
Port of Bundaberg conveyor project	319	12,000	4,084	**7,916**	

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Port of Bundaberg projects	319			**2,100**	Ongoing
Port services projects	308			**14,130**	Ongoing
Quarry projects	308			**3,250**	Ongoing
Right-of-Use lease assets	308			**2,572**	Ongoing
SL1 (Ship loader) replacement	308	32,870	202	**1,250**	31,418
Total Property, Plant and Equipment				**118,462**	
GOLD COAST WATERWAYS AUTHORITY					
Property, Plant and Equipment					
Boating Infrastructure Program	309	11,986	2,400	**1,220**	8,366
Navigation Access and Safety	309	3,950	1,945	**940**	1,065
Plant, equipment and minor works	309	7,529	2,420	**2,090**	3,019
Spit Masterplan infrastructure	309	12,055	5,650	**6,405**	
Total Property, Plant and Equipment				**10,655**	
NORTH QUEENSLAND BULK PORTS CORPORATION LIMITED					
Property, Plant and Equipment					
Abbot Point General Development	312			**325**	Ongoing
Abbot Point security access gate (Eastern Access Road)	312	1,786	1,486	**300**	
Business improvement	312			**263**	Ongoing
Harbour Road Upgrade (Middle Breakwater)	312	1,300		**1,300**	
Hay Point General Development	312			**120**	Ongoing
Ken White Avenue Refurbishment	312	2,200		**200**	2,000
Louisa Creek Acquisition Program	312			**1,052**	Ongoing
Mackay Port Development General	312			**475**	Ongoing
Mackay Tug Berth Facilities Stage 1	312	6,076	3,576	**2,500**	
Mackay water network enhancements	312	1,912	462	**950**	500
Middle Breakwater fuel line supports replacement	312	3,450	250	**3,200**	
Pilotage Upgrade and Replacements	312	562	146	**130**	286
Transformer project enterprise resource planning implementation	312	4,443	3,070	**1,373**	
Upgrade of Hay Point Vessel Traffic Services building	312	1,898	1,648	**250**	

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Weipa Port Development General	315			**195**	Ongoing
Wharf 1 Laydown Area Upgrade	312	2,025	25	**2,000**	
Wharf 5 approaches	312	4,200		**4,200**	
Total Property, Plant and Equipment				**18,833**	
PORT OF TOWNSVILLE LIMITED					
Property, Plant and Equipment					
Channel capacity upgrade	318	232,000	75,667	**65,323**	91,010
Plant, equipment and minor works	318			**1,419**	Ongoing
Road network upgrades	318			**1,000**	Ongoing
Wharf facilities upgrades	318			**840**	Ongoing
Total Property, Plant and Equipment				**68,582**	
QUEENSLAND RAIL					
Property, Plant and Equipment					
Growth - Externally Led					
Breakfast Creek Bridge, realign[28] track	305	42,180	15,192	**13,430**	13,558
Bridge Pier Protection[28]	Various	3,991	1,351	**1,087**	1,553
Clapham Yard Stabling[28]	303	292,560	11,737	**79,278**	201,545
European Train Control System[29] Level 2	Various	646,352	294,552	**151,200**	200,600
Other European Train Control System Level 2 - Inner City	Various			**21,870**	Ongoing
Inner City Signalling Upgrades[28]	305	35,240	4,495	**12,837**	17,908
Mayne Yard Accessibility[28]	305	114,153	53,323	**38,761**	22,069
Mayne Yard Relocations[28]	305	24,255	10,455	**7,847**	5,953
Moolabin Power Upgrade[28]	303	17,516	3,496	**6,409**	7,611
Other rail network enhancements	Various			**7,030**	Ongoing
Station Upgrades Fairfield to[28] Salisbury	303	57,464	14,646	**18,891**	23,927
Third Track between Roma Street[28] and Exhibition Station	305	12,136	4,191	**3,055**	4,890
Lindum train station, construct park[30] 'n' ride	301	5,000	247	**236**	4,517
Salisbury train station, construct[31] park 'n' ride	303	14,500	6,066	**4,449**	3,985

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Springfield Central train station,[30] construct park 'n' ride	310	44,500	15,517	**22,493**	6,490
Other park 'n' rides	313			**8,188**	Ongoing
Sub-total Growth - Externally Led				**397,061**	
Growth - Internally Led					
Mount Isa Line, capacity and[32] resilience improvements	315	50,000	9,497	**24,854**	15,649
Albion Station Upgrade	305	16,840	1,130	**1,912**	13,798
Auchenflower Station Upgrade	305	40,000	20,091	**12,121**	7,788
Banyo Station Upgrade	302	29,519	613	**2,441**	26,465
Bundamba Station Upgrade	310	31,600	531	**461**	30,608
Buranda Station Upgrade	303	34,251	3,027	**4,723**	26,501
Burpengary Station Upgrade	313	29,400	531	**439**	28,430
Cannon Hill Station Upgrade	303	26,700	16,412	**7,964**	2,324
Dakabin Station Upgrade	314	41,899	38,927	**2,957**	15
East Ipswich Station Upgrade	310	37,663	21,379	**6,311**	9,973
Lindum Station Upgrade	301	35,200	531	**497**	34,172
Morningside Station Upgrade	305	38,300	531	**528**	37,241
South Bank Station Upgrade	305	24,819	4,783	**9,317**	10,719
Wooloowin Station Upgrade	305	43,200	531	**577**	42,092
Other train station upgrades	Various			**6,580**	Ongoing
Other Rail Growth Projects	Various			**63,003**	Ongoing
Sub-total Growth - Internally Led				**144,685**	
South East Queensland Network					
Maintenance of above rail assets -[33] South East Queensland rail network	Various			**11,724**	Ongoing
Maintenance of below rail assets -[34] South East Queensland rail network	Various			**107,508**	Ongoing
Maintenance of system wide below[35] rail assets - Queensland Rail network	Various			**23,260**	Ongoing
Sub-total South East Queensland Network				**142,492**	
Regional Network					
Maintenance of above rail assets -[36] Regional Network	Various			**59,650**	Ongoing
Maintenance of below rail assets -[37] Western Region rail systems	Various			**20,525**	Ongoing

Transport and Main Roads

Project	Statistical Area	Total Estimated Cost $'000	Expenditure to 30-06-21 $'000	**Budget 2021-22 $'000**	Post 2021-22 $'000
Maintenance of below rail assets -[38] North Coast Line	Various			**38,275**	Ongoing
Maintenance of below rail assets - Townsville - Mount Isa Rail Line	Various			**16,290**	Ongoing
Maintenance of below rail assets -[39] West Moreton rail system	Various			**33,872**	Ongoing
Sub-total Regional Network				**168,612**	
Enterprise					
Customer Experience	Various			**7,964**	Ongoing
Enterprise assets	Various			**15,837**	Ongoing
Enterprise other	Various			**9,143**	Ongoing
Information and Technology	Various			**14,349**	Ongoing
Safety and Risk	Various			**274**	Ongoing
Sub-total Enterprise				**47,567**	
Total Property, Plant and Equipment				**900,417**	
ROADTEK					
Property, Plant and Equipment					
Construction plant works	Various			**24,000**	Ongoing
Total Property, Plant and Equipment				**24,000**	
CROSS RIVER RAIL DELIVERY AUTHORITY					
Property, Plant and Equipment					
Cross River Rail	305	6,725,804	3,404,662	1,512,914	1,808,228
Total Property, Plant and Equipment				**1,512,914**	
Capital Grants					
Cross River Rail - Third party returnable works	305	162,196	80,529	**4,180**	77,487
Total Capital Grants				**4,180**	
TOTAL TRANSPORT AND MAIN ROADS (PPE)				**6,421,407**	
TOTAL TRANSPORT AND MAIN ROADS (CG)				**480,577**	

Notes:

1. Jointly funded by the Queensland Government and Australian Government (including contribution under its Major Project Business Case Fund).
2. Eligible projects under the Natural Disaster Program are jointly funded by the Australian Government and Queensland Government. The funding is provided to Transport and Main Roads through the Queensland Reconstruction Authority.
3. Total project cost is subject to finalisation of contract negotiations. This project is jointly funded by the Australian Government, Queensland Government and City of Gold Coast
4. Queensland Government commitment for 3 new Gold Coast railway stations at Pimpama, Helensvale North and Worongary/Merrimac. Project cost and timing subject to further planning.
5. Jointly funded by the Australian Government (part of its Urban Congestion Fund) and Queensland Government, including contributions from Department of Transport and Main Roads and Queensland Rail.
6. Jointly funded by the Queensland Government (part of its Economic Recovery Strategy: Unite and recover for Queensland Jobs) and the Australian Government (part of its Urban Congestion Fund).
7. Funded through the Queensland Government's High Risk Roads Initiative, as part of the Targeted Road Safety Program.
8. Project cost, scope and timing subject to further planning.
9. Jointly funded by the Queensland Government and Australian Government (part of its Urban Congestion Fund).
10. Jointly funded by the Queensland and Australian Governments (the Queensland Government contribution includes $30 million from the State Infrastructure Fund).
11. Partly funded through the Queensland Government's Economic Recovery Strategy: Unite and recover for Queensland Jobs. This is part of a package of works to upgrade Cleveland - Redland Bay Road.
12. This program also includes planning for the Gympie Arterial Road (between Strathpine Road and Gateway Motorway) and a new road along the North South Urban Arterial corridor (known as Moreton Connector) between Dohles Rocks Road and Anzac Avenue.
13. Part of the Australian Government's Bruce Highway Upgrade Program, jointly funded by the Australian Government and Queensland Government.
14. Funded through the Queensland Government's Economic Recovery Strategy: Unite and recover for Queensland Jobs.
15. Includes funding for Old Toorbul Point Road intersection signalisation.
16. Jointly funded by the Queensland Government and Australian Government (part of its Roads of Strategic Importance initiative).
17. This project includes works between the intersection of Bruce Highway and Bald Hill Road.
18. Part of the Australian Government's Northern Australia Roads Program, jointly funded by the Australian Government and Queensland Government.
19. Jointly funded by the Queensland Government and Australian Government (part of its Roads Infrastructure Stimulus Package).
20. Includes an agreed contribution from Queensland Rail.
21. This cycleway project is funded as part of the Bruce Highway - Cairns Southern Access Stage 2 (Robert Road to Foster Road) project.
22. Part of the Cape York Region Package Stage 2, jointly funded by the Queensland Government and Australian Government (part of its Roads of Strategic Importance initiative).
23. This funding does not include $7.88 million of interim early works that were completed in 2018-19.
24. This project is being delivered under a Public Private Partnership arrangement (PPP).
25. Partly funded through the Queensland Government's Economic Recovery Strategy: Unite and recover for Queensland Jobs.
26. Part of the Australian Government's Bridges Renewal Program, jointly funded by the Australian Government and Local Government Authorities.
27. Part of the Australian Government's Heavy Vehicle Safety and Productivity Program, jointly funded by the Australian Government and Queensland Government.
28. This project is being delivered by Cross River Rail Delivery Authority.
29. The project is being delivered by Cross River Rail Delivery Authority and Department of Transport and Main Roads with support from Queensland Rail.
30. Jointly delivered by Queensland Rail and Department of Transport and Main Roads.

31. This project includes a Department of Transport and Main Roads land component and is jointly delivered by Queensland Rail and Department of Transport and Main Roads.
32. The works relate to increased structural gauge, waterway resilience and track renewal.
33. The works relate to maintenance of stations, platforms and rollingstock in the South East Queensland rail network.
34. The works relate to renewal, improvement, replacement and upgrade of track infrastructure in the South East Queensland rail network.
35. The works relate to renewal, replacement and upgrade of track infrastructure across Queensland Rail's Network.
36. The works relate to maintenance of rollingstock, stations, yards and locomotives in the Regional Queensland rail network.
37. The works relate to renewal, improvement, replacement and upgrade of the Western Regional rail systems.
38. The works relate to renewal, replacement and upgrade of track infrastructure on the North Coast Line.
39. The works relate to renewal, improvement, replacement and upgrade of rail infrastructure on West Moreton system.

All Projects - Total estimated cost is inclusive of both non-capital and capital components of project expenditure.

Appendices

Appendix A: Entities included in capital outlays 2021–22

Agriculture and Fisheries

- Department of Agriculture and Fisheries
- Queensland Racing Integrity Commission

Children, Youth Justice and Multicultural Affairs

- Department of Children, Youth Justice and Multicultural Affairs

Communities, Housing and Digital Economy

- Department of Communities, Housing and Digital Economy
- CITEC
- Library Board of Queensland
- Queensland Art Gallery
- Queensland Performing Arts Trust

Education

- Department of Education

Employment, Small Business and Training

- Department of Employment, Small Business and Training
- TAFE Queensland

Energy and Public Works

- Department of Energy and Public Works
- CleanCo Queensland Limited
- CS Energy Limited
- Energy Queensland Limited
- Powerlink Queensland
- Stanwell Corporation Limited

Environment and Science

- Department of Environment and Science

Justice and Attorney-General

- Department of Justice and Attorney-General

- Crime and Corruption Commission
- Public Trustee of Queensland

Legislative Assembly of Queensland

- Legislative Assembly of Queensland

Premier and Cabinet

- Department of the Premier and Cabinet

Queensland Corrective Services

- Queensland Corrective Services

Queensland Fire and Emergency Services

- Queensland Fire and Emergency Services

Queensland Health

- Queensland Health and Hospital and Health Services
- Council of the Queensland Institute of Medical Research

Queensland Police Service

- Queensland Police Service

Queensland Treasury

- Queensland Treasury

Regional Development, Manufacturing and Water

- Department of Regional Development, Manufacturing and Water
- Gladstone Area Water Board
- Mount Isa Water Board
- Seqwater
- Sunwater Limited

Resources

- Department of Resources

Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

- Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships

State Development, Infrastructure, Local Government and Planning

- Department of State Development, Infrastructure, Local Government and Planning
- Economic Development Queensland
- Queensland Reconstruction Authority

- South Bank Corporation

Tourism, Innovation and Sport

- Department of Tourism, Innovation and Sport
- Stadiums Queensland

Transport and Main Roads

- Department of Transport and Main Roads
- Far North Queensland Ports Corporation Limited
- Gladstone Ports Corporation Limited
- Gold Coast Waterways Authority
- North Queensland Bulk Ports Corporation Limited
- Port of Townsville Limited
- Queensland Rail
- RoadTek
- Cross River Rail Delivery Authority

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)
- **right of use assets** – property, plant and equipment to which government agencies have a right to use through lease or similar arrangements.

Capital contingency

Consistent with the approach adopted in previous years, a capital contingency reserve has been included. This reserve recognises that while agencies budget to fully use their capital works allocation, circumstances such as project lead-in times, project management constraints, unexpected weather conditions and capacity constraints such as the supply of labour and materials may prevent full usage. On a whole-of-government basis, there is likely to be underspending, resulting in a carry-over of capital allocations.

Estimated jobs supported by capital works

The $14.688 billion capital works program in 2021–22 is estimated to directly support around 46,500 jobs, equating to around 40,700 full-time equivalent jobs. The estimate of jobs supported by the Government's capital works program in 2021–22 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 proponents' 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 2021-22[1]

Entity[2]	Brisbane and Redlands East $'000	North $'000	South $'000	West $'000	Inner City $'000	Sub total $'000
Agriculture and Fisheries	344	510	2,033	11	7,625	10,523
Children, Youth Justice and Multicultural Affairs	651	612	1,019	525	789	3,596
Communities, Housing and Digital Economy	8,284	10,114	21,741	454	116,092	156,685
Education	51,682	39,432	104,845	50,265	133,478	379,702
Employment, Small Business and Training	1,661	30,996	1,098	565	851	35,171
Energy and Public Works	54,837	72,010	83,987	64,381	232,116	507,331
Environment and Science	6,324	1,361	2,268	1,168	1,758	12,879
Justice and Attorney-General	775	728	1,213	625	16,218	19,559
Legislative Assembly of Queensland	—	—	—	—	7,282	7,282
Premier and Cabinet	—	—	—	—	860	860
Queensland Corrective Services	731	687	3,673	589	887	6,567
Queensland Fire and Emergency Services	1,697	2,192	2,653	1,366	2,056	9,964
Queensland Health	65,444	13,325	31,391	10,208	329,038	449,406
Queensland Police Service	4,757	4,463	7,435	3,828	13,346	33,829
Regional Development, Manufacturing and Water	5,042	4,781	2,783	2,620	14,099	29,325
Resources	375	353	688	303	2,800	4,519
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	69	65	109	6,156	84	6,483
State Development, Infrastructure, Local Government and Planning	—	40,101	5,286	—	6,717	52,104
Tourism, Innovation and Sport	2,878	1,508	14,071	645	8,532	27,634
Transport and Main Roads	89,782	116,860	288,602	86,352	1,685,912	2,267,508
Other Agencies[3]	201	188	314	162	243	1,108
Anticipated Capital Contingency Reserve and Other Adjustments[4]	—	—	—	—	—	—
Funds Allocated	**275,823**	**317,590**	**536,844**	**214,868**	**2,408,647**	**3,753,772**

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. Includes other government entities with non-material capital programs.
4. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Entity[2]	Ipswich $'000	Wide Bay $'000	Darling Downs: DD Maranoa $'000	Darling Downs: Toowoomba $'000	Darling Downs: Sub total $'000	Gold Coast $'000
Agriculture and Fisheries	1,562	684	546	1,335	1,881	37
Children, Youth Justice and Multicultural Affairs	17,244	812	349	429	778	1,724
Communities, Housing and Digital Economy	30,941	12,579	4,886	5,695	10,581	28,095
Education	107,098	44,460	22,586	51,380	73,966	207,866
Employment, Small Business and Training	4,383	3,651	376	1,388	1,764	16,121
Energy and Public Works	91,121	242,563	236,833	92,846	329,679	103,157
Environment and Science	2,185	4,116	2,608	956	3,564	3,838
Justice and Attorney-General	1,169	966	416	511	927	3,053
Legislative Assembly of Queensland	—	—	—	—	—	—
Premier and Cabinet	—	—	—	—	—	—
Queensland Corrective Services	321,702	911	392	482	874	1,936
Queensland Fire and Emergency Services	3,656	11,888	909	1,118	2,027	4,490
Queensland Health	135,248	51,880	13,163	8,355	21,518	103,555
Queensland Police Service	7,713	7,124	6,459	3,133	9,592	17,921
Regional Development, Manufacturing and Water	73,210	23,151	12,108	1,494	13,602	14,259
Resources	566	468	862	408	1,270	995
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	105	87	37	46	83	184
State Development, Infrastructure, Local Government and Planning	15,215	—	—	—	—	1,435
Tourism, Innovation and Sport	1,207	998	430	528	958	3,311
Transport and Main Roads	117,458	421,521	127,827	35,265	163,092	699,805
Other Agencies[3]	302	250	108	132	240	531
Anticipated Capital Contingency Reserve and Other Adjustments[4]	—	—	—	—	—	—
Funds Allocated	**869,917**	**772,876**	**402,155**	**191,795**	**593,950**	**1,131,454**

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. Includes other government entities with non-material capital programs.
4. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Entity[2]	Logan - Beaudesert $'000	Mackay - Whitsunday $'000	Outback and Far North Queensland Outback $'000	Cairns $'000	Sub total $'000	Central Queensland $'000
Agriculture and Fisheries	119	163	1,021	2,113	3,134	4,841
Children, Youth Justice and Multicultural Affairs	2,954	2,669	924	1,284	2,208	1,245
Communities, Housing and Digital Economy	29,933	9,763	14,927	63,947	78,874	12,889
Education	155,174	30,288	18,710	42,750	61,460	77,092
Employment, Small Business and Training	1,021	2,356	241	1,161	1,402	662
Energy and Public Works	13,512	173,311	143,041	231,646	374,687	208,448
Environment and Science	2,608	3,049	1,340	7,857	9,197	3,754
Justice and Attorney-General	1,128	559	266	1,819	2,085	1,731
Legislative Assembly of Queensland	—	200	200	—	200	—
Premier and Cabinet	—	—	—	—	—	—
Queensland Corrective Services	1,063	527	251	772	1,023	21,307
Queensland Fire and Emergency Services	7,814	1,222	2,312	3,740	6,052	2,096
Queensland Health	144,485	32,189	9,216	58,333	67,549	50,486
Queensland Police Service	8,545	3,525	12,247	20,607	32,854	8,333
Regional Development, Manufacturing and Water	79,748	5,713	6,075	6,749	12,824	166,766
Resources	546	431	289	397	686	614
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	101	50	24	73	97	66
State Development, Infrastructure, Local Government and Planning	—	500	—	9,500	9,500	1,500
Tourism, Innovation and Sport	1,165	577	275	10,745	11,020	755
Transport and Main Roads	200,209	347,048	398,215	383,616	781,831	382,903
Other Agencies[3]	292	145	69	212	281	189
Anticipated Capital Contingency Reserve and Other Adjustments[4]	—	—	—	—	—	—
Funds Allocated	**607,036**	**573,313**	**568,981**	**790,806**	**1,359,787**	**882,602**

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. Includes other government entities with non-material capital programs.
4. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Entity[2]	Sunshine Coast $'000	Moreton Bay North $'000	Moreton Bay Moreton Bay South $'000	Sub total $'000	Townsville $'000	Totals[1] $'000
Agriculture and Fisheries	1,121	203	285	488	1,472	26,025
Children, Youth Justice and Multicultural Affairs	5,591	694	794	1,488	822	41,131
Communities, Housing and Digital Economy	16,789	16,805	6,745	23,550	32,064	442,743
Education	138,571	48,439	77,906	126,345	44,607	1,446,629
Employment, Small Business and Training	2,972	748	640	1,388	6,797	77,688
Energy and Public Works	93,059	17,650	11,170	28,820	217,108	2,382,796
Environment and Science	2,817	1,546	1,321	2,867	6,369	57,243
Justice and Attorney-General	1,239	827	707	1,534	764	34,714
Legislative Assembly of Queensland	—	—	—	—	200	7,882
Premier and Cabinet	—	—	—	—	—	860
Queensland Corrective Services	1,169	5,780	667	6,447	721	364,247
Queensland Fire and Emergency Services	4,468	1,808	1,546	3,354	1,671	58,702
Queensland Health	66,683	171,095	34,858	205,953	22,862	1,351,814
Queensland Police Service	11,836	5,068	4,832	9,900	4,885	156,057
Regional Development, Manufacturing and Water	18,816	1,204	2,422	3,626	30,058	471,098
Resources	601	401	343	744	700	12,140
Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	111	74	63	137	68	7,572
State Development, Infrastructure, Local Government and Planning	6,200	—	—	—	4,129	90,583
Tourism, Innovation and Sport	1,280	854	730	1,584	889	51,378
Transport and Main Roads	285,267	272,628	121,537	394,165	360,600	6,421,407
Other Agencies[3]	320	214	183	397	198	4,250
Anticipated Capital Contingency Reserve and Other Adjustments[4]	—	—	—	—	—	(900,886)
Funds Allocated	**614,962**	**509,618**	**248,957**	**758,575**	**687,829**	**12,606,073**

Notes

1. Numbers may not add due to rounding and allocations of adjustments.
2. Includes all associated statutory bodies.
3. Includes other government entities with non-material capital programs.
4. The anticipated contingency reserve and other adjustments have been spread across statistical areas proportionate to capital spends.

Queensland Budget 2021–22 **Capital Statement Budget Paper No.3**

Queensland Budget 2021–22

Capital Statement Budget Paper No.3

EXHIBIT (c)(iv)

2021-22 Budget Update: 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;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

QUEENSLAND
BUDGET 2021–22

Unite & Recover

2021–22 BUDGET UPDATE

MID-YEAR FISCAL AND ECONOMIC REVIEW

Queensland Government

The Queensland Government is committed to providing accessible services to Queenslanders from all cultural and linguistic backgrounds. If you have difficulty in understanding this publication, you can contact us on telephone (07) 3035 3503 and we will arrange an interpreter to effectively communicate the report to you.

CONTENTS

FOREWORD

This 2021–22 Budget Update underscores the resilience and tenacity of Queenslanders.

By following the health advice across nearly two years of the pandemic, our state has contained the spread of COVID-19.

That world-leading health response has delivered a strong economic position – the envy of other states and nations.

Through the most challenging of economic conditions, the Palaszczuk Government's *COVID-19 Economic Recovery Plan is working.*

By keeping Queenslanders safe, avoiding prolonged lockdowns, and rolling up our sleeves to get vaccinated, our state can now reap the dividends outlined in this update.

As of October 2021, employment is up 90,000 persons on pre-COVID levels (March 2020) – the highest jobs growth of any state or territory.

Over the same period, employment across the rest of Australia fell by 250,300.

Looking ahead, employment growth is forecast to be 4½ per cent in 2021-22, our strongest jobs growth in 15 years.

Our domestic economy has grown, with State Final Demand growing 6.4 per cent from its pre-COVID level (March quarter 2020), outpacing the 1 per cent growth for the rest of Australia.

Queensland's overall Gross State Product is forecast to strengthen a further 3¼ per cent in 2021–22.

Notwithstanding the challenges of COVID-19, Queensland businesses have remained 'open for business'.

Real retail trade outstripped the rest of Australia, growing by 8.9 per cent between December quarter 2019 and September quarter 2021.

Nonetheless, COVID-19 has had a significant impact on sectors of our economy including tourism and border communities.

In response, the Queensland Government (jointly with the Australian Government) supported more than 40,000 businesses through a $600 million COVID-19 Business Support Grants program, including $84.5 million in Tourism and Hospitality Sector Hardship grants that has supported more than 3,000 businesses.

Our June Budget outlined a new plan to manage debt and reduce the debt burden over time.

Spending needs to be in line with our budget strategy, ensuring the economy grows faster than debt.

General Government Sector (GGS) net debt is forecast to reach $17.5 billion by 30 June 2022.

This will be $45.7 billion lower than New South Wales, where net GGS debt will reach $63.3 billion.

Queensland's net debt will also be $86.9 billion lower than Victoria, where net GGS debt will rise to $104.5 billion.

Increases in the price of hard coking coal, combined with the strong property sector have delivered increased revenues from coal royalties and transfer duties. State taxation and royalties are expected to be $8.1 billion higher over the forward estimates than forecast at the time of the 2021–22 Budget.

$2.5 billion from the increase in coal royalties will be invested as a Long Term Asset held by the Consolidated Fund to support future priority capital initiatives.

A further $2.1 billion has also been committed over the forward estimates to support our response to COVID-19. These commitments will also ensure the budget has the prudent buffers required to protect and grow our economy.

Our $50 billion infrastructure guarantee over four years remains on track, as the government continues to deliver the critical infrastructure that supports economic growth.

The COVID-19 pandemic hit Queensland's overseas goods and services exports, but key commodities are expected to rebound in 2021–22.

Our traditional resource, agriculture and manufacturing sectors have again contributed significantly to our state's economic performance.

Investments in renewable hydrogen and energy generation, in the context of our government's commitment to net zero emission targets, will also add further diversity to our economy.

The Brisbane 2032 Olympic and Paralympic Games are forecast to generate a 10-year pipeline of construction jobs, trade and investment opportunities, and legacy projects that will benefit Queenslanders for decades to come.

Securing the Games provides the certainty and confidence in our economy to unlock increased investment and innovation.

While global economic turbulence remains, this Budget Update recommits us to sustained, responsible economic management and to building an economy that benefits all Queenslanders.

A golden decade of opportunity is dawning.

The Honourable Cameron Dick MP

Treasurer
Minister for Trade and Investment

OVERVIEW

The 2021–22 Budget Update (Mid-Year Fiscal and Economic Review) provides the state's economic and fiscal position since the 2021–22 Queensland Budget.

The Update shows the fundamentals of the budget and economy remain strong with highlights including:

- economic output is expected to grow by 3¼ per cent in 2021–22, faster than the 2¾ per cent growth forecast at Budget
- employment is expected to increase by 120,000 persons between September quarter 2021 and June quarter 2023. On top of the 90,000 jobs added between March 2020 and October 2021, this equates to an increase in employment of almost 210,000 persons between the pre-COVID level in March quarter 2020 and June quarter 2023
- General Government Sector revenue has been revised upwards in every year of the forward estimates, compared to the 2021–22 Budget, reflecting a stronger outlook for the housing and labour markets
- the General Government Sector net operating deficit for 2021–22 is forecast to narrow by $2 billion relative to the 2021–22 Budget
- General Government Sector net debt by 30 June 2022 is expected to be $7.2 billion lower than anticipated at the 2021–22 Budget.

Throughout the COVID-19 pandemic, the Queensland Government has acted to protect the health and wellbeing of Queenslanders.

Queensland's economic recovery from COVID-19 has been stronger than the rest of Australia. The government's strong health response has underpinned Queensland's strong economic recovery.

The government's actions have contained the spread of the virus, allowing emergency health restrictions to be lifted sooner, which has maintained consumer and business confidence and supported economic activity.

The proportion of Queenslanders vaccinated against COVID-19 has risen substantially in recent months. The state's 80 per cent double-dose target was reached on 8 December and a 90 per cent double-dose rate is now an achievable target.

An increasing vaccination rate will see Queensland continue to re-open its borders to interstate and overseas travellers, supporting ongoing economic recovery and growth in the tourism sector.

The government remains on track to deliver a budget surplus by the end of the forward estimates and to stabilise net debt over the medium term.

The significant public infrastructure investment program outlined in the 2021–22 Budget remains a major driver of economic growth and job creation, underpinned by the Government's $50 billion 4-year infrastructure guarantee.

OUR **ECONOMIC PLAN**

A strong economy for all Queenslanders

Throughout the COVID-19 pandemic, the Queensland Government has acted decisively to protect the health and wellbeing of Queenslanders. The government's strong health response has underpinned Queensland's strong economic recovery.

The government's actions have contained the spread of the virus, allowing emergency health restrictions to be lifted sooner, which has maintained consumer and business confidence and supported economic activity.

As a result, Queensland's economic recovery from COVID-19 has been earlier and stronger than the rest of Australia. The number of people employed in Queensland, as of October 2021, is 90,000 persons above the pre-COVID levels of March 2020, by far the highest jobs growth of any state or territory in Australia. By comparison, over the same period employment in the rest of Australia fell by 250,300.

The government's *COVID-19 Economic Recovery Plan* has driven these outcomes by safeguarding Queenslanders' health, creating jobs and working together to support businesses, families and communities across the state.

The government's response has focussed on the six key elements of the *COVID-19 Economic Recovery Plan*:

- safeguarding our health
- backing small business
- making it for Queensland
- building Queensland
- growing our regions
- investing in skills.

Despite the strength of Queensland's economic recovery, some industries and regions have continued to be impacted by international border closures, interstate lockdowns and other restrictions as part of the emergency health response.

To help support impacted businesses across all industries, the Queensland Government is delivering a $600 million program of COVID-19 Business Support Grants, jointly funded with the Australian Government. More than 40,000 businesses across the state are expected to benefit from this timely financial support.

The Queensland Government has also provided additional targeted support through the $47.75 million Tourism and Hospitality Sector COVID-19 Lockdown Support Package and the $20 million COVID-19 Cleaning Rebate.

The government's response to the pandemic and the resulting strength of Queensland's economic performance has positioned Queensland well for the next phase of recovery, including the reopening of borders under *Queensland's COVID-19 Vaccine Plan to Unite Families*.

The vaccine plan continues to prioritise the health and wellbeing of Queenslanders, while providing certainty and confidence for the community and businesses. Opening Queensland's interstate borders with an 80 per cent vaccination rate could deliver direct economic benefits of up to $1.5 billion per annum.

As borders reopen, the government's economic plan will navigate the challenges ahead, delivering healthy and thriving communities, more jobs and new exports which build on Queensland's strengths.

This will include an ongoing focus on diversifying the goods and services produced across the state, in both traditional industries, such as tourism and agriculture, and sunrise industries such as renewable energy and new economy minerals.

Through initiatives such as the $3.3 billion Queensland Jobs Fund, the government is supporting the growth of industries, enabling Queensland businesses to make more and add more value across the state's regions.

The government's *COVID-19 Economic Recovery Plan* will help manufacturers to develop advanced capabilities and support sustainability, backed by reliable, renewable competitively priced energy.

Investments in skills and training, such as the Skilling Queenslanders for Work initiative, continue to support Queenslanders to upskill and reskill, preparing them for the jobs of the future.

An ongoing focus on innovation will promote the development of new ideas in Queensland and help businesses to draw on the world's best-practice business models, technology, products and services.

The government is continuing to deliver the critical infrastructure that supports economic growth by increasing productivity, lowering business costs, and helping to deliver the services that continue to make Queensland a great place to live.

By protecting the health and wellbeing of Queenslanders, the Queensland Government has given the state a head start in its recovery from the COVID-19 pandemic.

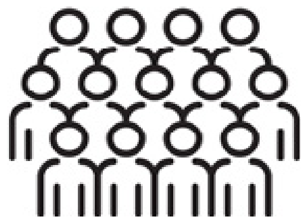
Building on this strength, Queensland's *COVID-19 Economic Recovery Plan* will continue to provide certainty and security to all Queenslanders so that the state can move forward to realise a golden era of opportunity.

Queensland's strong economic recovery

Faster domestic economic growth than the rest of Australia

State Final Demand up 6.4%

March quarter 2020 – September quarter 2021



Highest jobs growth in Australia

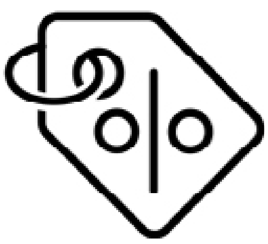
Employment up by 90,000

March 2020 – October 2021

Fastest workforce participation growth rate in Australia

Participation rate up 4.5 percentage points

May 2020 – October 2021



Faster retail trade growth than the rest of Australia

Real retail turnover up 8.9%

December quarter 2019 – September quarter 2021

Faster consumption growth than the rest of Australia

Household consumption up 4%

March quarter 2020 – September quarter 2021

Faster dwelling investment growth than the rest of Australia

Investment up 23.3%

March quarter 2020 – September quarter 2021

More interstate migrants than any other state or territory

Welcoming 30,785 net interstate migrants

in 12 months to March quarter 2021

ECONOMIC OVERVIEW

The Queensland economy and labour market have continued to recover faster than the national average and faster than the other major eastern states, reflecting Queensland's ongoing success in containing COVID-19.

Queensland's domestic economy, as measured by State Final Demand, was 6.4 per cent larger in September quarter 2021 than its pre-COVID level in March quarter 2020. By contrast, Australia's domestic economy was just 1.0 per cent larger over the same period. Queensland's above-average domestic economic growth has translated to nation-leading jobs growth, with 90,000 more Queenslanders employed in October 2021 than in March 2020, the best performance of any state and well ahead of the quarter of a million jobs lost in the rest of Australia over the same period.

The increase in the COVID-19 vaccination rate means that the state's borders have begun to re-open, which will continue to support the state's economic recovery and jobs growth.

Following a solid rebound of 2.0 per cent in 2020–21, Queensland's economic output is expected to grow by 3¼ per cent in 2021–22, faster than the 2¾ per cent growth forecast at Budget.

Underpinned by robust domestic activity, employment is expected to increase by 4½ percent in 2021–22, stronger than the 3 per cent forecast at Budget, and the strongest employment growth in 15 years, followed by further solid growth of 2½ per cent forecast for 2022-23. In quarterly terms, this equates to an increase in employment of almost 210,000 persons between the pre-COVID level in March quarter 2020 and June quarter 2023.

While the economic recovery from COVID-19 continues in many advanced economies, concerns about rising inflation and associated monetary tightening present emerging risks to the global economic outlook.

Assessments of the implications of the Omicron COVID-19 variant are also still being made internationally and domestically.

Key developments since the 2021–22 Budget

Key economic and fiscal developments since the delivery of the 2021–22 Budget in June 2021 include:

- a significant increase in the COVID-19 vaccination rate and the release of the Queensland Government's *COVID-19 Vaccine Plan to Unite Families*
- further increases in residential property prices
- significant volatility in coal prices, including a substantial increase in prices across the second half of 2021
- rising long-term interest rates and increased inflation expectations
- extended lockdowns in southern states to combat the Delta variant of COVID-19.

The proportion of Queenslanders vaccinated against COVID-19 has risen substantially in recent months. The state's 80 per cent double-dose target was reached on 8 December and a 90 per cent double-dose rate is now an achievable target.

An increasing vaccination rate will see Queensland continue to re-open its borders to interstate and overseas travellers, supporting ongoing economic recovery and growth in the key tourism sector.

A substantial pipeline of construction work, together with expectations of further capital gains, have fuelled the current strength of the residential property sector in Queensland. The upward trend in dwelling investment is expected to extend well into 2022, with activity remaining at elevated levels in 2023.

Despite China's unofficial ban on Australian coal imports, global coal prices have risen significantly since mid-May 2021. However, given the upward pressure on prices was largely driven by supply–side constraints, coal prices are expected to return to more sustainable levels over coming quarters. More than 85 per cent of the decline in Queensland coal exports to China since October 2020 have been offset by increased tonnages to other key markets, including India, Japan and Korea.

While the widespread extended lockdowns across New South Wales, Victoria and the Australian Capital Territory in the second half of 2021 had only limited direct effects on economic activity in Queensland, they have slowed the recovery in the national economy and impacted tourism operators reliant on interstate travellers.

Triggered by a surge in property prices nationally and an increase in fuel prices, inflation has been stronger and may be more prolonged than previously expected, prompting an increase in bond yields of all durations since late September.

Table 1: Queensland economic forecasts[1]

	2020–21	2021–22		2022–23	
	Outcome	Budget	Update	Budget	Update
Gross state product[2]	**2.0**	**2¾**	**3¼**	**2¾**	**2¾**
State Final Demand	3.9	3½	4¼	2¾	2½
Employment[3]	2.4	3	4½	1¾	2½
Unemployment rate[4]	5.6	5¾	5¼	5½	5
Inflation[3]	2.1	1¾	3	1¾	2½
Wage Price Index[3]	1.6	2¼	2½	2¼	3
Population[3,5]	1.1	1	1	1¼	1¼

Notes:
1. Unless otherwise stated, all figures are annual percentage changes.
2. Chain volume measure, 2019–20 reference year.
3. Annual percentage change, year–average.
4. Per cent, June quarter, seasonally adjusted.
5. Population growth for 2020–21 is the annual growth rate in the three quarters to March quarter 2021.

Sources: ABS *Annual State Accounts*, *Labour Force*, *Consumer Price Index*, *Wage Price Index* and *National, State and Territory Population*.

External conditions

International

In October 2021, the International Monetary Fund's (IMF) World Economic Outlook noted that the global economic recovery was continuing, despite the ongoing spread of COVID-19 in many countries. Following a 3.1 per cent contraction in 2020, the global economy is forecast to rebound by 5.9 per cent in 2021 and a further 4.9 per cent in 2022, according to the IMF.

The economic recovery remains most advanced in China, where output in September quarter 2021 was already 8.1 per cent above the pre-pandemic level in December quarter 2019. The IMF expects China's economy to continue to grow strongly in the near-term, rising by 8.0 per cent in 2021 and a further 5.6 per cent in 2022.

While the United States economy only recovered to its pre-pandemic level of GDP in mid-2021, the country's labour market continues to strengthen, potentially pointing to a sustained recovery. The IMF forecasts the United States' economy to grow by 6.0 per cent in 2021 and by 5.2 per cent in 2022. However, the economic recovery in some European economies has been more subdued, with economic activity in the United Kingdom and the Euro area economies still below their pre-pandemic levels as of September quarter 2021.

The IMF expects economic growth amongst Queensland's major trading partners to be 6.0 per cent in 2021, before rising a further 5.0 per cent in 2022, slightly stronger than overall global growth in both years.

Annual inflation has risen sharply in most advanced economies over the second half of 2021 (Chart 1), with inflation in the United States and the Euro area reaching its highest levels in several decades.

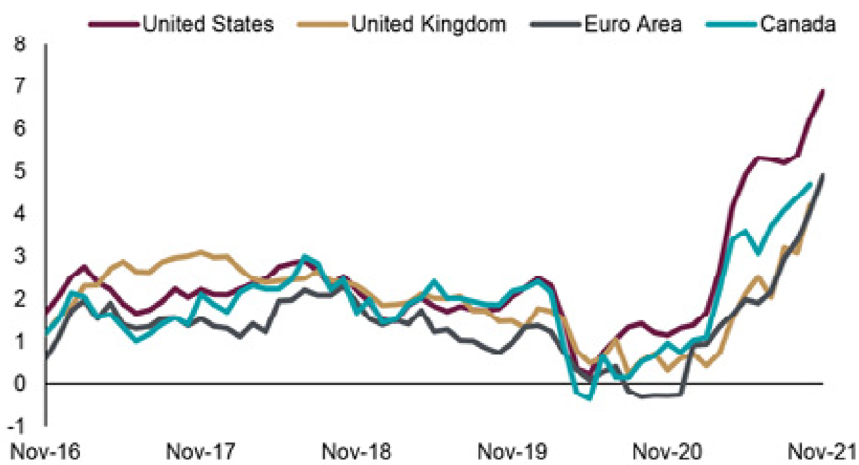
Rising inflation has been driven by a range of factors, including increased global demand for goods (as households have been restricted in their ability to spend on services) against an interrupted global goods supply chain.

Oil and gas prices have also risen sharply due to stronger demand as economies emerge from restrictions at the same time as global supply has fallen. The price of Brent crude oil has risen from a COVID-low of US$5.60 per barrel to more than US$70 per barrel, with direct flow-on impacts to the price of automotive fuel.

Central banks around the world have generally viewed the recent rise in inflation as transitory, with an expectation that inflation will ease as households gradually resume higher levels of consumption of services and as supply chain issues ease.

However, financial markets suggest inflation may prove more persistent than initially anticipated, with a resulting risk that central banks may increase interest rates earlier than currently expected, slowing the global economic recovery. Over 2021, the central banks of South Korea, New Zealand and Norway have raised official interest rates, while other central banks have begun to taper their quantitative easing programs.

Chart 1: Inflation by country[1]



Note:

1. Monthly, Annual change, per cent.

Source: Refinitiv.

National economy

National economic activity was significantly reduced throughout the September quarter as a result of lockdowns in New South Wales and Victoria. However, as vaccination rates pass 80 per cent and restrictions have been gradually unwound in those states, more timely indicators are suggesting signs of a substantial recovery in activity.

As the national economy opens further and household consumption gathers momentum, the national economy is expected to rebound in the December quarter, and recover further in March quarter 2022. Dwelling and business investment are expected to recover from the disruptions of the recent extended lockdowns in New South Wales and Victoria, and further support the national recovery.

Reflecting the impact of the lockdowns in the September quarter, the Reserve Bank of Australia (RBA) revised down its forecast for Australia's GDP growth in 2021–22 to 3¼ per cent in its November *Statement on Monetary Policy* (from 4½ per cent forecast in August). Noting the strong growth in new housing construction costs as well as higher automotive fuel prices, the RBA substantially upgraded its forecast profile for Australia's headline inflation, mostly in the near term.

Despite discontinuing the yield target on the 3-year Australian Government bond in November, the suite of other monetary settings by the RBA remain highly accommodative. The latest forecast profile for national underlying inflation suggests the RBA now expects to raise the official cash rate in late 2023 or early 2024. The RBA's outlook for future interest rate rises contrasts with current financial market indicators, which suggest increases in the cash rate are expected earlier and potentially prior to the end of 2022.

Queensland conditions

Queensland's domestic economic recovery from COVID-19 has been stronger than the rest of Australia, primarily reflecting Queensland's better health outcomes and avoidance of a major outbreak of the virus. As of September quarter 2021, Queensland's domestic economy, as measured by State Final Demand, is 6.4 per cent larger than its pre-COVID level in March quarter 2020, compared with growth of 1.0 per cent in the domestic economy across the rest of Australia.

Underpinned by the strength of the domestic economy, Queensland's overall Gross State Product (GSP) rebounded by 2.0 per cent in 2020–21. Economic activity in Queensland is expected to grow by 3¼ per cent in 2021–22, faster than the 2¾ per cent growth forecast at the time of the 2021–22 Budget. This upward revision has been primarily driven by an improved outlook for private investment, particularly dwelling investment.

GSP is expected to grow by 2¾ per cent in 2022–23, as the dwelling investment cycle approaches its peak and international services trade increases due to the opening of borders.

The COVID-19 economic recovery is being driven by a strong domestic economy, with State Final Demand growing by 3.9 per cent in 2020–21 and expected to strengthen further to 4¼ per cent in 2021–22.

Reflecting the strength of Queensland's economic recovery, Queensland's labour market has also recovered strongly. By October 2021, employment in Queensland was 90,000 persons (or 3.5 per cent) above the pre-pandemic level in March 2020, compared with a fall in employment across the rest of Australia of 250,300 persons (or 2.4 per cent) over the same period.

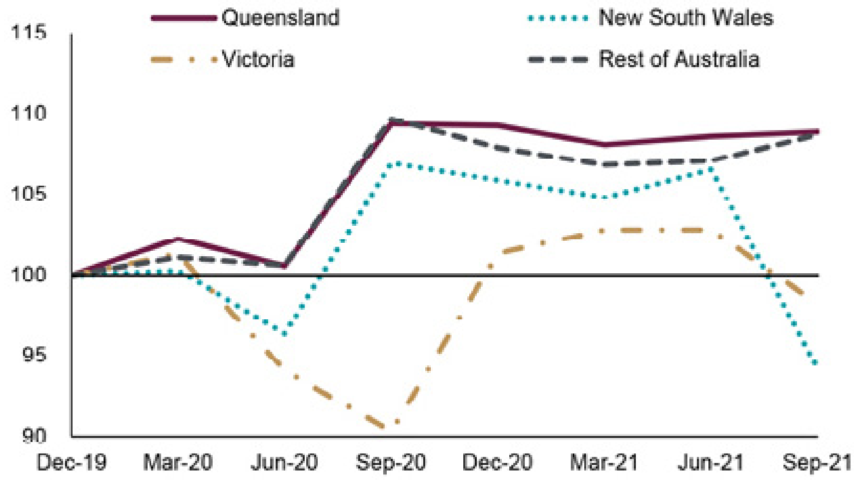
Employment is expected to increase by 4½ per cent in 2021–22, faster than the 3 per cent forecast at Budget and its fastest rate in 15 years, followed by further solid growth of 2½ per cent in 2022–23. In quarterly terms, this equates to an increase in employment of almost 210,000 persons between the pre-COVID level in March quarter 2020 and June quarter 2023.

Household consumption

Since the first national lockdowns in 2020, an unprecedented level of government support has helped underpin household balance sheets and sentiment. Combined with record low interest rates, a sharp rebound in the labour market and substitution of expenditure away from services such as overseas travel, household consumption in Queensland rebounded by 5.1 per cent in 2020–21, the highest growth in 13 years.

Since the Budget, consumer spending in Queensland has persisted at levels well above the pre-COVID trend. The total number of days of lockdown across parts of Queensland was 21 in 2021, in contrast to 116 in New South Wales and 114 in Victoria. As a result, New South Wales and Victoria have experienced substantial declines in retail turnover to be below pre-COVID levels as the extended lockdowns impacted spending (Chart 2).

Chart 2: Real retail turnover1 by major states



Note:
1. Seasonally adjusted, index points, December quarter 2019 = 100.
Source: ABS Retail Trade.

Looking forward, household incomes in Queensland are expected to be supported by solid growth in labour income, with recent rises in housing and equity prices underpinning household wealth. However, as vaccination rates improve and overseas and interstate travel restrictions unwind, the reallocation of household spending away from domestic expenditure towards services is expected to take place sooner than foreseen at Budget.

As the composition of expenditure continues to adjust gradually, Queensland's household consumption growth in 2021–22 and 2022–23 is forecast to return to rates similar to those seen prior to the pandemic.

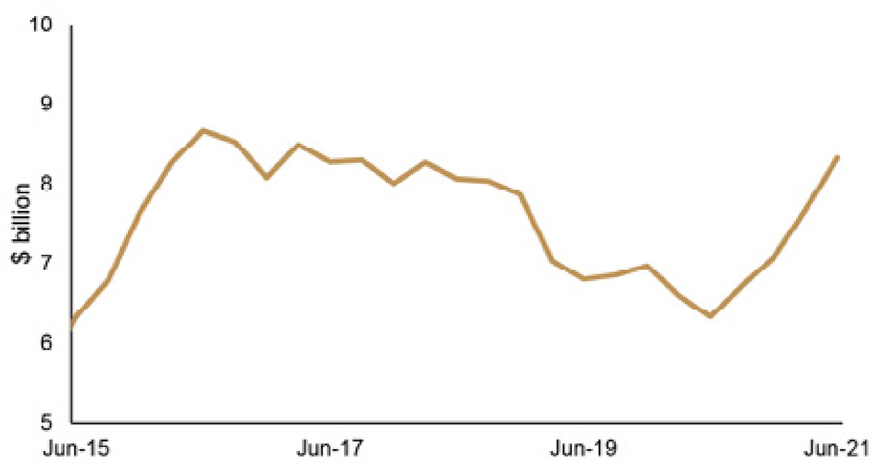
Dwelling investment

Dwelling investment in Queensland has risen strongly since the pandemic-induced low in mid-2020, rising by 30.6 per cent over the period from June quarter 2020 to September quarter 2021. Dwelling investment has been driven by both the construction of dwellings and renovation activity.

A combination of record low interest rates (and indications that rates will remain low for an extended period), and generous government stimulus and incentives, have driven strong increases in building approvals and lending indicators throughout 2020–21, boosting the outlook for dwelling investment, particularly for detached houses.

Dwelling approvals have moderated in recent months following the ending of the Australian Government's HomeBuilder Grant in March 2021 but remain above pre-COVID levels. Market expectations that dwelling prices will continue to rise into 2022 and the substantial amount of work in the pipeline will continue to drive growth in dwelling investment throughout 2021–22 and 2022–23 before moderating in later years.

Chart 3: Residential work in the pipeline, Queensland[1]



Note:
1. Quarterly.
Source: ABS Building Activity.

Business investment

The outbreak of COVID-19 and the resulting uncertainty in the global economic outlook temporarily discouraged investment across a range of sectors in 2020 and early 2021.

Driven by significant fiscal and monetary stimulus, as well as the strong recovery in the domestic economy, machinery and equipment investment rebounded during the second half of 2020–21, limiting its annual decline to just 3.6 per cent. Amidst global and national economic uncertainty, businesses remained conservative in extending their investment in buildings and structures, which fell 8.6 per cent in 2020–21.

The outlook for business investment has improved in recent months, with commercial transactions regaining momentum over 2021. The increase in vaccination rates should provide increased certainty and confidence to businesses as borders open.

Investments in renewables and hydrogen are likely to gather pace in coming years. The 2032 Olympic and Paralympic Games are likely to be catalytic for business investment across Queensland. The completion and opening of the Queen's Wharf project in 2023 is likely to support more widespread urban renewal within the Brisbane CBD and surrounding areas.

Public final demand

Following five years of solid growth, public final demand rose a further 2.9 per cent in 2020–21. Growth in public final demand is expected to remain robust in 2021–22, as construction of the Cross River Rail project ramps up and COVID-19 recovery measures continue to be rolled out.

The Queensland Renewable Energy and Hydrogen Jobs Fund provides $2 billion for government owned corporations to increase ownership of commercial renewable energy and hydrogen projects and to support infrastructure, including in partnership with the private sector.

Overseas exports

Queensland's overseas goods and services exports fell by 15.9 per cent in 2020–21. This reflects the impact of the COVID-19 pandemic on a range of industries, particularly tourism, education and coal, as well as China's import bans on a range of Australian goods, particularly coal. Exports are expected to recover from 2021–22 onwards, with volumes for a number of key exports recovering from their COVID-19 impacted lows driven by solid demand amidst the ongoing global economic recovery. Prices of key commodity exports have also rebounded strongly since the Budget, underpinning an improved outlook for royalty revenues in 2021–22 compared with that anticipated at Budget.

Coal

Since Budget, coal prices in the spot market have reached historic highs for both thermal and metallurgical coal. The premium hard coking coal price increased from US$173.25 per tonne on 15 June to US$408 per tonne on 22 September, the first time the price has breached US$400 per tonne since the price series commenced in 2013. The hard coking coal spot price moderated somewhat throughout November falling from US$403 at the start of November to as low as US$315.50 by early-December, as supply constraints eased somewhat and demand from China fell following declines in steel production. Despite the decline, spot prices remain very high by historical standards.

Similarly, in the thermal coal market, the spot price for benchmark Australian coal[1] increased from US$74.50 per tonne on 15 June to a peak of US$179.05 per tonne on 19 October, the highest spot price in the eight-year history of the series. On 19 October, China's National Development and Reform Commission announced they would intervene in the domestic coal market and since the announcement, the thermal spot coal price had fallen to US$97.50 by early December.

1 FOB Newcastle 20% Ash 5,500 NAR.

A number of short-term factors have contributed to the rapid increase in the hard coking coal price, including:

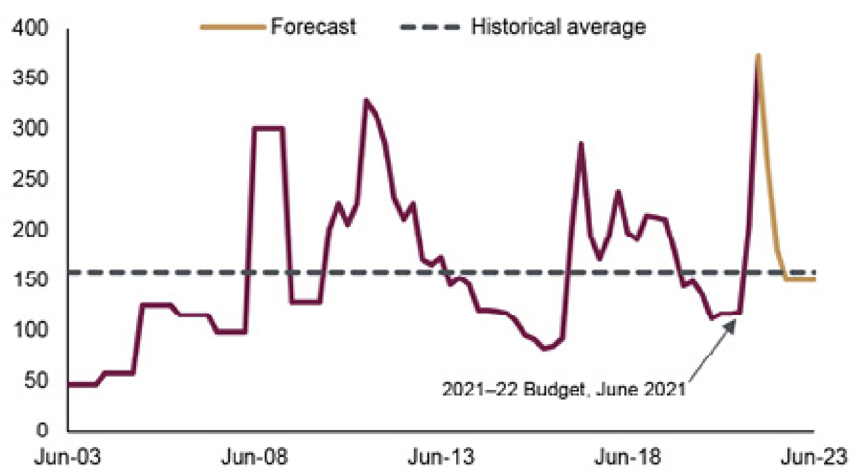
- China's strong import demand from other exporters (due to the self-imposed ban on sourcing Australian coal) is distorting market dynamics, leading to short supply of spot cargoes that is impacting the broader market
- mine accidents and inspections in China have been limiting the expansion of domestic coal production
- COVID-19 outbreaks in Mongolia have been limiting coal exports from that country to China
- flooding in China and heavy rains in Indonesia impacting thermal coal supply
- local coal production was temporarily impacted by mine and coal rail supply side issues, which resulted in the suspension of operations at some Queensland mines and on the Blackwater line for short periods of time during the year.

Coal prices are expected to return to more sustainable levels over the coming months as the short-term supply disruptions unwind, although the timing and extent of the decline remains uncertain.

China's informal ban on the import of Australian coal remains in place, with a substantial decline in coal exports to China since October 2020. However, Queensland exporters have been successful in finding alternative markets for the majority of these coal exports, with more than 85 per cent of export volumes lost to China having been replaced by increased exports to other markets, particularly India, Japan and South Korea.

Queensland's total coal export volumes fell 6.9 per cent in 2020–21, which is a smaller decline than the 8¾ per cent decline forecast at Budget. Export volumes are now forecast to fall marginally in 2021–22 due to China's ban on coal imports now being expected to last longer than previously anticipated. Coal exports are expected to return to solid growth in 2022–23, as global economic activity continues to normalise following the COVID-19 pandemic. Nevertheless, export volumes by 2023–24 are still expected to be less than the peak volumes of 226 million tonnes in 2018–19.

Chart 4: Queensland hard coking coal contract price[1]



Note:
1. Quarterly, US$ per tonne.
Source: Queensland Treasury estimate.

LNG

The volume of Queensland's LNG exports was largely unaffected by the COVID-19 pandemic, growing by 4.0 per cent in 2020–21. However, prices for Queensland's LNG exports declined rapidly in the second half of 2020, reducing the overall value of LNG exports.

LNG prices have since recovered strongly throughout 2021, which has seen the value of Queensland's LNG exports rebound to pre-COVID levels. Further, the continued global economic recovery from COVID-19 and a colder-than-expected winter in the Northern Hemisphere are driving demand for LNG, which should see export volumes increase further in 2021–22.

Metals

The outlook for Queensland's industrial metals exports is largely unchanged from Budget. The real value of exports is expected to grow in 2021–22 following several temporary production disruptions in 2020–21, while the recently completed expansion of the Sun Metals refinery is also adding to the state's zinc production capacity.

The nominal value of metal exports has risen sharply, reflecting the surge in metal prices since mid-2020 following the initial stages of the pandemic. The volume of metal exports is forecast to be relatively stable across the forward years but there is some potential upside to the outlook in the context of any further supply side response to the elevated prices, several project expansions awaiting final investment decisions and an increased level of exploration expenditure.

Agriculture

Continued improvement in Queensland's agricultural conditions are expected to support strong growth in Queensland's agricultural exports and a stronger performance than previously anticipated. Higher beef prices are encouraging additional production earlier than anticipated and the forecast for overall agricultural export growth has been revised up substantially in the 2 years to 2022–23 compared with the outlook at Budget.

Services

Closure of the international border since March 2020 has led to a sharp decline in overseas services exports. Overseas tourist arrivals fell from 1.7 million in 2019–20 to only 32,000 in 2020–21, while overseas student enrolments in Queensland in the first 9 months of 2021 were 21.4 per cent below that of a year earlier.

However, with Queenslanders also constrained from travelling abroad, this resulted in a temporary surplus in the overseas services trade balance in 2020–21. The likely substitution of expenditure by Queenslanders from international travel to domestic consumption is likely to also have been a factor in supporting the unprecedented levels of household spending in other key sectors of the domestic economy such as retail trade.

Given the anticipated reopening of the international border, in line with the Queensland Government's Vaccine Plan, overseas exports of tourism and education are expected to start to recover from late-2021. This recovery is expected to be gradual as vaccination rates increase and global confidence returns in terms of international travel.

As international travel recovers, both in terms of overseas visitors coming to the state and Queenslanders travelling abroad, Queensland's overseas services trade balance is expected to gradually normalise and expenditure patterns revert to be more in line with those experienced prior to the crisis.

Key tourism regions reliant on interstate and overseas travellers, including the Gold Coast, Cairns and the Whitsundays, are expected to benefit from the re-opening of interstate borders to fully vaccinated visitors, as well as from the return of overseas tourism over the longer term as international travel gradually recovers.

Labour market

Queensland's labour market performance has been stronger than anticipated at Budget. This reflects a range of factors including Queensland's ongoing strong health response, which has seen Queensland avoid the sustained and severe lockdowns experienced in several other jurisdictions.

As of October 2021, employment in Queensland is 90,000 persons above its pre-COVID level in March 2020, the strongest growth of any state or territory over this period. Hours worked in October were 4.2 per cent above the level in March 2020, also the strongest growth of any state or territory.

The monthly seasonally adjusted unemployment rate has fallen from a recent peak of 8.7 per cent in July 2020 to 5.1 per cent in October 2021, to be below the national rate (5.2 per cent). Queensland's unemployment rate in October 2021 was below the 5.8 per cent rate in March 2020 prior to the COVID-19 pandemic.

International border closures have resulted in labour shortages in various sectors across the state, creating increased employment opportunities for people more marginally attached to the labour force. The impacts of the recent labour shortages in some key sectors are likely to be partially unwound as international borders re-open and temporary non-residents re-enter the labour market.

Queensland's labour market is expected to remain strong over the coming years, with employment forecast to grow by 4½ per cent in 2021–22 up from 3 per cent forecast at Budget. This will be the strongest employment growth in Queensland in 15 years.

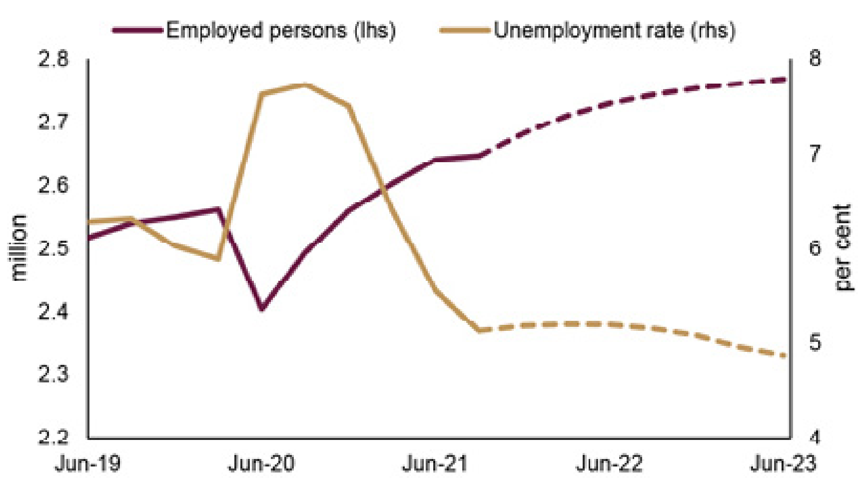
Further robust growth of 2½ per cent is forecast in 2022–23 up from 1¾ per cent forecast at Budget.

The drivers of Queensland's economic recovery and the forecast strengthening in economic growth in Queensland are broad based, therefore the benefit to employment should be felt across most regions, including the state's key tourism regions as borders reopen.

Key growth industries are likely to include construction, retail trade, transport and warehousing, accommodation food services and professional services.

The unemployment rate is forecast to remain low, at around 5–5¼ per cent, over the next two years, as the continued strong employment growth pushes the participation rate higher, as marginally attached workers are encouraged back into the labour force.

Chart 5: Employment and unemployment rate forecasts[1]



Note:
1. Seasonally adjusted, quarterly.
Sources: ABS *Labour Force* and Queensland Treasury.

Box 1 Queensland's Stronger Economic Recovery

Throughout this once-in-a-century health emergency, we have supported a strong economy by safeguarding the health of Queenslanders.

Our success in containing the spread of the virus has seen a remarkably strong recovery in Queensland's domestic economy. An economic performance and recovery that has been the envy of not just the rest of the country but the rest of the world.

This stronger economic performance shows up in a range of indicators, including:

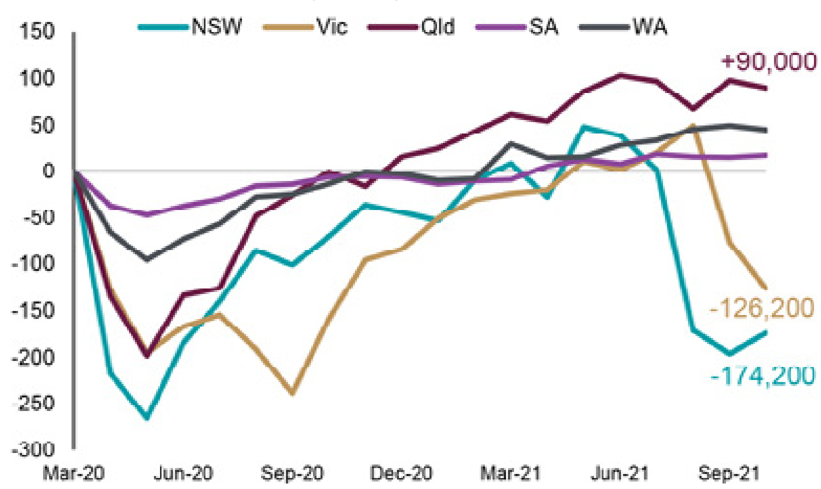
- State Final Demand in September quarter 2021 is up 6.4 per cent from pre-COVID levels, much stronger than the 1.0 per cent growth recorded in the rest of Australia
- nominal retail turnover was at an all-time high of $6.6 billion in October, up 16.6 per cent on pre-COVID levels
- households are investing in their homes, with renovation activity also at an all-time high
- Australians also continue to vote with their feet and move to Queensland. Our gain from net interstate migration of more than 30,000 residents in the year to March quarter 2021 dwarfs the next best outcome, of only 3,250 net migrants to Western Australia over the same period.

But it is in the most important economic indicator – employment – that Queensland really out-shines.

Jobs data for October 2021 show that employment in Queensland was 90,000 persons, or 3.5 per cent, higher than the pre-pandemic level recorded in March 2020.

This was the strongest performance of any state and contrasts with the rest of Australia, where employment fell by over a quarter of a million jobs over the same period, driven by falls in New South Wales (down 174,200) and Victoria (down 126,200).

Chart 6: Employment growth since March 20201



Note:
1. Seasonally adjusted, monthly, thousand persons.
Source: ABS Labour Force.

Risks to the outlook

In the 2021–22 Budget, the timing of the reopening of borders and the pace of the vaccination rollout were highlighted as major risks to the economic outlook. Since Budget, Queensland's vaccination rate has accelerated significantly, with the 80 per cent target reached on 8 December. A 90 per cent fully vaccinated rate is now achievable in coming months.

Vaccinations in 12- to 15-year-olds are also well progressed, while COVID-19 booster shots became available in early November. This means the risk of significant COVID-19 outbreaks following the reopening of state borders, is much lower than expected in June 2021.

The 2021–22 Budget also highlighted as a key risk the possibility of an earlier-than-expected monetary policy tightening. Given the inflationary pressures triggered by the surge in property and fuel prices, as well as the recent increase in bond yields across all durations, it is now more likely that some normalisation of monetary policy settings will be implemented by the RBA prior to 2024. The potential impact on various financial asset prices and the associated wealth effects are likely to be exacerbated by scheduled tightening in monetary policy by other major central banks, with potential flow-on impacts on consumer spending and investment.

Trade tensions between Australia and China remain a key risk to the outlook for Queensland's exports. Queensland's coal exports have proved to be resilient against China's ban on Australian coal imports, with more than 85 per cent of tonnages lost to China diverted to other markets. Queensland remains exposed to national foreign policy settings that may elicit additional retaliatory measures from China.

The recent emergence of the Omicron variant of COVID-19 has raised concerns globally. Health experts are still fully assessing its potential transmissibility, resistance to vaccines and severity. In addition, other new variants may emerge over the period of the forecast horizon. The emergence of any more severe and/or transmissible variants could negatively impact consumer and business confidence and could pose a significant downside risk to the global and local economic outlook.

FISCAL OVERVIEW

The key fiscal aggregates of the General Government Sector are outlined in Table 2.

Table 2: General Government Sector – key fiscal aggregates[1]

	2020–21 Actual[2] $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Revenue	62,732	63,664	68,235	67,531	70,072	71,781
Expenses	63,669	67,148	69,727	69,928	70,631	71,623
Net operating balance	**(937)**	**(3,485)**	**(1,492)**	**(2,397)**	**(559)**	**158**
PNFA[3]	6,835	7,800	8,317	8,078	7,674	7,642
Fiscal balance	(5,015)	(7,965)	(6,726)	(6,490)	(3,568)	(2,667)
Borrowing with QTC[4]	**46,153**	**57,240**	**55,473**	**65,386**	**71,719**	**76,878**
Leases and similar arrangements	7,704	7,603	7,778	7,509	7,775	7,622
Securities and derivatives	220	198	220	220	220	220
Net Debt	**11,360**	**24,750**	**17,536**	**26,049**	**31,656**	**35,633**

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.

For the 2022–23 Budget, the government will be moving to reporting financial information in full compliance with the Uniform Presentation Framework (February 2019), providing actual, budget, and forward estimates for the General Government Sector. Actual and budget-year reporting will be provided for the Public Non-financial Corporation Sector and the Non-financial Public Sector.

This approach is consistent with the approach used in the Federal Budget. The Uniform Presentation Framework (UPF) can be accessed from the Federal Treasury website.

Net operating balance

The General Government Sector net operating deficit for 2021–22 is expected to be $1.492 billion, compared to the operating deficit of $3.485 billion forecast at the 2021–22 Budget. The $1.993 billion reduction in the operating deficit in 2021–22 is largely driven by an unprecedented coal price spike providing a temporary increase in royalty income along with higher transfer duty receipts, as a result of ongoing strength in residential transactions and an uplift in property prices.

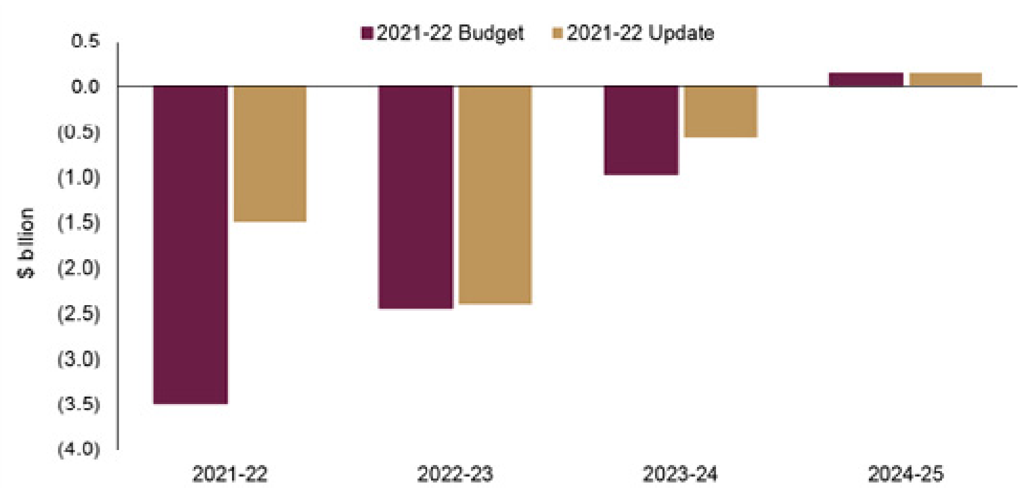
State taxation and royalties are expected to be $8.1 billion higher over the forward estimates than forecast at the time of the 2021–22 Budget.

In 2021–22, the government will invest $2.5 billion of the windfall gains in royalty revenue into the State's Long Term Assets portfolio. This will be available to support future government priority capital initiatives (see Box 3).

The government has committed up to $2.1 billion over the forward estimates to support our response to COVID-19. A further $1 billion has been allocated to extend or make permanent limited-life programs that were due to expire within the forward estimates (see Box 4).

Reflecting the improved revenue and expenditure decisions outlined above, deficits are expected to narrow by $2.5 billion over the forward estimates, with a return to surplus still anticipated in 2024–25.

Chart 7: Net operating balance 2021–22 to 2024–25



Reconciliation with 2021–22 Budget

Table 3 provides a breakdown of the movements in the net operating balance since the 2021–22 Budget.

Table 3: Reconciliation of net operating balance, 2021–22 Budget to 2021–22 Budget Update[1]

	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
2021-22 Budget net operating balance	**(3,485)**	**(2,440)**	**(968)**	**153**
Royalty revisions	2,914	324	136	62
Taxation revisions[2]	1,092	920	1,385	1,259
GST revisions	(236)	(2)	(3)	(3)
Change to net flows from PNFC and PFC entities	(55)	8	(55)	(114)
Australian Government Funding revisions	(138)	46	11	8
Natural Disaster revisions (DRFA[3])	(48)	73	(108)	(95)
Expense measures[4]	(715)	(633)	(527)	(528)
Other parameter adjustments[5]	(821)	(693)	(430)	(584)
2021-22 Budget Update net operating balance	**(1,492)**	**(2,397)**	**(559)**	**158**

Notes:

1. Numbers may not add due to rounding.
2. Includes the impact of the new Interstate land tax revenue measure
3. Disaster Recovery Funding Arrangements
4. Reflects net operating balance impact of Government decisions made since the 2021–22 Budget.
5. Refers to adjustments largely of a non-policy nature, primarily changes in interest paid on borrowings, actuarial adjustments to superannuation liabilities, depreciation, swaps and deferrals. The government recognises the potential uncertainty around COVID-19 and has included an allowance for additional spending in 2021–22 and 2022–23.

Revenue

Overview

General Government Revenue in 2021–22 is estimated to be $5.504 billion higher than in 2020–21 and $4.571 billion higher than the 2021–22 Queensland Budget estimates. The improved outlook for estimated revenues in 2021–22 is primarily driven by significant upward revisions in coal royalties, reflecting higher-than-expected prices, and higher-than-expected transfer duty collections as a result of ongoing strength in residential transactions and significantly higher property prices.

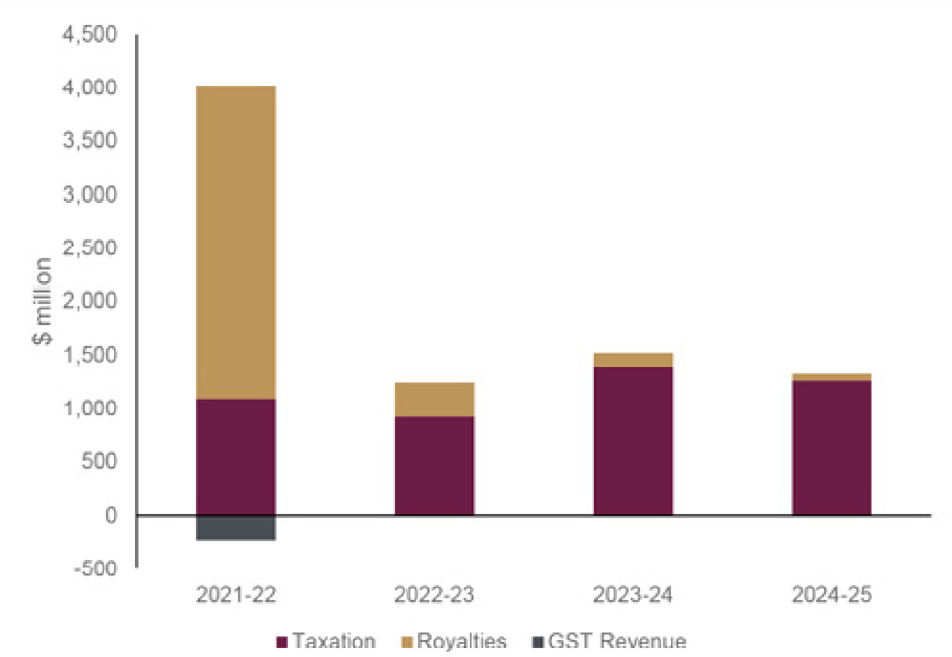
Compared with the 2021–22 Queensland Budget, revenue forecasts over the forward estimates have been revised upwards by $1.821 billion in 2022–23, $1.664 billion in 2023–24 and $1.415 billion in 2024–25.

The stronger outlook in years beyond 2021–22 is largely due to upward revisions to transfer duty forecasts, reflecting a later peak in the housing market cycle combined with higher-than-expected property prices, and higher payroll tax revenue as the labour market has continued to improve.

Total General Government Revenue in 2019–20 was $2.137 billion lower than expected at the 2019–20 MYFER, however, total revenue in 2020–21 was $1.017 billion higher than forecast at the 2019–20 MYFER. In 2021–22 and 2022–23, total General Government Revenue is expected to be $7.207 billion higher than projected at the 2019–20 MYFER.

Chart 8 outlines the revisions to forecasts in key revenues since the 2021–22 Queensland Budget.

Chart 8: Revisions in key revenues since 2021–22 Budget



Taxation

Revenue from taxation is estimated to total $18.491 billion in 2021–22, $2.242 billion higher than in 2020–21 and $1.092 billion higher than forecast at the 2021–22 Queensland Budget. The upgrades to forecast revenues for several key taxes in 2021–22 are also expected to flow through to the years beyond 2021–22, with upward revisions to taxation revenues, totalling $4.656 billion over the four years to 2024–25.

A stronger outlook for the housing market has resulted in large upward revisions to transfer duty revenue. Elevated transaction volumes, and increased first homebuyer and investor activity have delivered significant price growth and a later peak in the current market cycle. Residential property prices are expected to remain elevated even as transfer volumes moderate and, along with an increased contribution from the non-residential sector, this will support transfer duty collections across the forecast period.

Meanwhile, the exceptional recovery of the Queensland labour market and resulting improvements in employment, wages growth and the unemployment rate forecasts suggest higher payroll tax collections than previously expected.

Revenue collections to date in 2021–22 and the outlook for other tax lines are largely in line with the forecasts outlined in the 2021–22 Budget.

The government is committed to no new or increased taxes, and also ensuring the overall tax burden remains lower than the national average. However, this does not preclude revenue reforms including:

- removing loopholes and inequities
- altering the distribution of tax on a budget-neutral basis or modifying indexation arrangements
- introducing levies for a specific purpose, on a budget-neutral basis.

Since the 2021–22 Budget, the government has announced budget-neutral changes to the Waste Levy, and this Budget Update also reflects the inclusion of improvements to the land tax system to ensure interstate landholders pay their fair share of land tax (see Box 2).

Box 2 A fairer land tax system

The land tax system in Queensland is one of the most generous in the nation, including principal places of residence being exempt from land tax, a tax-free threshold that is higher than the median-valued parcel of residential land, and a rate structure that ensures that smaller landholders are subject to lower marginal rates of tax.

The framework recognises that individuals and entities with more substantial taxable landholdings of commercial or investment properties have a greater capacity to pay.

As land tax is administered by state governments, some interstate landholders exploit tax-free thresholds in different jurisdictions to minimise their tax obligations. Landholders with all of their land holdings in Queensland end up paying more land tax than their interstate counterparts despite Queensland's generous system.

For example, an individual with taxable landholdings of $1 million in Queensland would pay $4,500 in land tax (or an average rate of 0.45 per cent). Another individual landholder with $600,000 in taxable land in Queensland and $400,000 in New South Wales, would only pay $500 in land tax in Queensland and no land tax in New South Wales at current thresholds.

This inequity, or loophole, will be addressed by amending the current land tax arrangements to account for the value of land held interstate when assessing taxpayers' land tax liability.

A total national taxable land value will be established for each Queensland landholder, which will continue to exclude exempt land such as principal place of residence. The national taxable value will determine the appropriate tax rate that will then be applied to the Queensland proportion of the value of the individual or entity's landholdings.

Under this approach, an individual with $600,000 in taxable land in Queensland and $400,000 in New South Wales would pay $2,700 in land tax in Queensland, an average rate of 0.45 per cent on their Queensland landholdings, being the same rate as the landholder with all their landholding in Queensland.

Landholders who only own land in Queensland will not be affected by this change. Landholders will continue to be able to access all available exemptions, such as the principal place of residence and primary production exemptions.

Additional land tax will only apply to the taxable Queensland landholdings of individuals who own land in multiple jurisdictions.

The timing of commencement of this reform will be subject to the passage of appropriate legislative amendments.

Royalties and land rents

Revenue from royalties and land rents are now estimated to total $6.255 billion in 2021–22, $3.593 billion higher than in 2020–21 and $2.914 billion higher than estimated in the 2021–22 Queensland Budget. Coal and oil prices have risen substantially since the 2021–22 Queensland Budget, providing a short-term boost to revenues.

The premium hard coking coal price increased to a peak above US$400 per tonne in September 2021, while the thermal coal price increased to as high as US$179.05 per tonne in October 2021.

China's strong import demand from other exporters (due to its reduced importation of Australian coal) is tending to distort global market dynamics, leading to a shortage in supply of spot cargoes. However, the recent spike in coal prices is primarily driven by a range of short-term supply side factors and disruptions. As such, prices are expected to return to more sustainable levels in coming quarters, but the timing and extent of the decline remains uncertain.

Meanwhile, oil prices remain persistently high, reaching above US$80 per barrel in October 2021, due to strong demand as a result of the cold winter in the Northern Hemisphere and the global economic recovery from the pandemic. Oil prices are also expected to moderate from current levels over coming quarters.

Growth in petroleum royalties in 2021–22 also reflects the first full year of the volume-based royalty regime, which replaced the previous wellhead model from October 2020.

Reflecting the expected moderation in coal and oil prices, revenue from royalties and land rents is expected to total $4.067 billion in 2022–23, $2.188 billion lower than in 2021–22, but remains $324 million higher than expected at the time of the 2021–22 Queensland Budget.

Coal export volumes are expected to return to solid growth in 2022–23, as global economic activity continues to normalise in line with the ongoing global recovery from the COVID-19 pandemic. This will drive a moderate increase in royalty revenue from 2022–23.

GST

GST revenue is estimated to total $15.380 billion in 2021–22, $236 million lower than forecast at the 2021–22 Queensland Budget.

The lower GST revenue expected in 2021–22 largely reflects weaker-than-expected national GST collections in the first quarter of 2021–22, driven by the extended lockdowns in New South Wales and Victoria over that period.

Forecast GST revenue beyond 2021–22 is broadly consistent with 2021–22 Queensland Budget expectations. Annual average growth in GST revenue of 5.4 per cent is forecast across the three years to 2024–25, reflecting steady growth in nominal consumption as the national economy continues to improve.

Current risks to the national GST pool remain over the medium term, including any changes in household spending trends as international borders reopen and the impact of responses to any future COVID outbreaks.

The impact of the significant revisions to Queensland's coal royalties has not been incorporated into the forward estimates of this Budget Update.

In early 2022, the Commonwealth Grants Commission is expected to deliver its recommended relativities for distributing the GST among states and territories for the 2022–23 financial year.

Box 3 Banking Queensland's resources windfall

Every Queenslander has a stake in our state's natural resources.

Queensland's resource royalties in 2021–22 are expected to increase by $2.9 billion relative to projections in the 2021–22 Queensland Budget.

The increase in royalties is largely the result of an unprecedented rise in the global price of premium hard coking coal, which reached a new peak of more than US$400 per tonne in September 2021.

The elevated coal price is only expected to be temporary, as it has been driven by a range of short-term supply-side factors and disruptions. Similarly, the uplift in Queensland's royalties is only expected to be transitory.

All else being equal, under the principles developed by the Commonwealth Grants Commission, up to 80 per cent of a royalties windfall would be redistributed to other states over time through a reduction in Queensland's GST revenue. An increase in royalties in 2021–22 would impact Queensland's GST share from 2023–24 until 2025–26.

To offset this future reduction in GST distributions, the Queensland Government is investing $2.5 billion of the royalties windfall as a Long Term Asset held by the Consolidated Fund.

This investment, along with its returns, will be available to be drawn down to fund future priority capital initiatives, to ensure Queenslanders can continue to enjoy the benefits of our resources for years to come.

Expenses

General Government Expenses in 2021–22 are estimated to be $69.727 billion, $2.579 billion higher than the budget estimate.

Contributing to the increase in expenses in 2021–22 are $600 million in 2021 COVID-19 Business Support Grants introduced to support small businesses impacted by Queensland's lockdowns, further funding for Queensland's on-going health response to the pandemic, including support on easing of restrictions, and additional funding for quarantine and COVID-19 compliance services.

Grants under the HomeBuilder program and revisions to the state's defined benefit superannuation liabilities also contribute to the increase in expenses in 2021–22 compared to the 2021–22 Budget.

Expenses over the next three years to 2024–25 are expected to be higher than the 2021–22 Budget, reflecting expense measures made since the 2021–22 Budget, including additional funding for the continuation of time limited programs and new policy decisions. Other non-policy adjustments, including actuarial revisions to the state's defined benefit superannuation liabilities and increases in the legislated superannuation guarantee charge rate, also contribute to the increase in expenses.[2] Expenditure growth is expected to moderate from 2022–23 with the unwinding of COVID-19 support measures.

Emerging fiscal pressures

Other than on-going uncertainties related to future COVID-19 outbreaks, key emerging pressures include:

Native title compensation settlement

The government has a potential liability with respect to compensation arising from acts that have extinguished native title or impaired native title since 1975.

Expiring agreements

Queensland's fiscal position is exposed to decisions made by the Australian Government, including not renewing funding for National Partnership payments (NPs) where there are on-going community service needs that must be met.

[2] The state's defined benefit liabilities remain full offset by assets held in the defined benefit fund.

Box 4 Limited life programs

As part of this 2021–22 Budget Update, the government has extended or provided permanent and ongoing funding to a number of limited life programs, as well as to support ongoing negotiations with other levels of government. In this Budget Update, $1.1 billion has been allocated towards these purposes, which aims to provide greater certainty to service providers.

Key programs with extended funding include:

- $25.9 million over 4 years to support continued operationalisation of the National Redress Scheme in Queensland
- $2.5 million for the Queensland Police Service to continue police operations utilising overtime in Safe Night Precincts between 1 January 2022 and 30 June 2022
- permanent funding of $2 million per annum from 2022–23 for the Queensland Water Regional Alliance Program, delivered in partnership with the Local Government Association of Queensland.

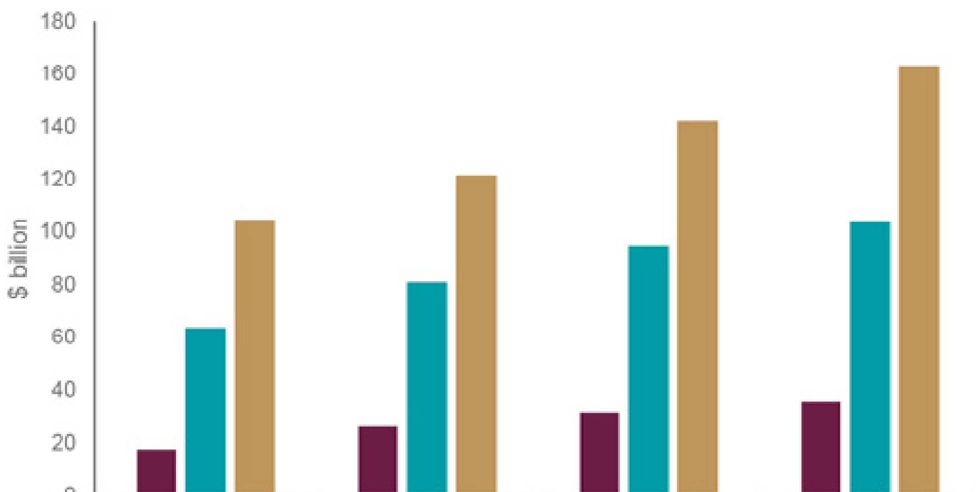
Balance sheet

Box 5 Net debt

Net debt is useful for examining the soundness of a government's fiscal position. The net debt measure is the preferred debt position by governments, including the Australian Government. The Queensland Government's disciplined approach to its fiscal strategy is establishing the path to stabilising its debt burden and returning to operating surpluses.

Compared to Budget, the 2021–22 Budget Update demonstrates the government's performance in debt management. The 2021–22 Budget Update reflects a significant reduction in General Government net debt and Queensland's outlook compares very favourably to its peers New South Wales and Victoria.

Chart 9: Net debt of major states



	2021-22	2022-23	2023-24	2024-25
QLD	18	26	32	36
NSW	63	81	94	104
VIC	104	121	142	163

Debt

The Palaszczuk Government remains focussed on supporting economic recovery and ongoing growth. By delivering on its clear fiscal strategy, underpinned by the Charter of Fiscal Responsibility, the government remains on track to return the budget to surplus over the forward estimates and to stabilise the net debt burden over the medium term.

General Government Sector

Net debt is expected to reach $17.536 billion by 30 June 2022, which is $7.214 billion lower than anticipated at the 2021–22 Queensland Budget. This is largely due to a combination of lower-than-expected borrowing with Queensland Treasury Corporation (QTC) as a result of the improved operating position, and improvements in the value of financial assets, mainly as a result of positive market value adjustments on financial assets in 2020–21.

General Government Sector (GGS) borrowing with QTC is estimated to be $55.473 billion by 30 June 2022, $1.767 billion lower than projected in the Budget. This is predominantly due to the improved revenue outlook for 2021–22 impacting favourably on operating cash flows as well as lower borrowings in 2020–21.

Public Non-financial Corporations Sector

Public Non-financial Corporation (PNFC) Sector debt is primarily held by government-owned corporations and is supported by income-generating assets including key pieces of economic infrastructure.

Borrowing with QTC of $40.278 billion are projected for 30 June 2022 in the PNFC Sector, $377 million less than the 2021–22 Budget estimate. With leases and other similar arrangements of $405 million and securities and derivatives of $921 million, total PNFC Sector borrowing is expected to be $41.604 million by 30 June 2022, rising by just $364 million to $41.968 billion by 30 June 2025.

Capital program

The capital program outlined in the 2021–22 Budget Update continues to deliver on the government's $50 billion 4-year infrastructure guarantee. In line with the *Queensland's COVID-19 Economic Recovery Plan*, the capital program focuses on maintaining a sustainable program of works and investment in critical infrastructure across Queensland that will help ongoing economic recovery and support increased private sector productivity. Improvements in net cash flows from operating activities are still expected to primarily fund the GGS capital program from 2024–25.

General Government Sector

The GGS capital program in 2021–22 is estimated to be $12.340 billion, $1.320 billion higher than projected in the 2021–22 Queensland Budget. This increase is largely due to road and rail projects as well as an increase in capital grants for the HomeBuilder program. Over the four years to 2024–25, the total capital program is $41.719 billion, $3.469 billion higher than estimated at the 2021–22 Budget.

Public Non-financial Corporations Sector

The PNFC Sector capital program in 2021–22 is estimated to be $3.660 billion, $58 million lower than budgeted in the 2021–22 Budget. Over the four years to 2024–25, the total capital program of $14.259 billion, $212 million higher than estimated at the 2021–22 Budget.

INTERGOVERNMENTAL FINANCIAL RELATIONS

Australian Government Payments

Payments for specific purposes

Australian Government payments contribute to Queensland's ability to meet its current and future service delivery and infrastructure responsibilities. In recent years, the Australian Government has created uncertainty around these by imposing unwarranted conditions, delaying advice on funding extensions or unilaterally changing the basis of payments, all which impact Queensland's ability to plan and deliver critical services and infrastructure.

In contrast, the Queensland Government seeks to negotiate Commonwealth–state funding arrangements that are sustainable, provide adequate funding for the delivery of services, give the State flexibility in the way it delivers services, and achieve positive outcomes for Queenslanders.

The Queensland Government is currently negotiating funding agreements for skills, mental health and suicide prevention, and early childhood education, among others.

General revenue assistance

The Commonwealth Grants Commission will recommend updated state and territory shares of GST revenue to the Australian Treasurer in early 2022, to be factored into the 2022–23 Federal Budget. Shares are based on jurisdictions' revenue raising capacity and expenditure needs, and this update will incorporate responses to COVID-19 in 2020–21.

The Commission's recommendations will impact Queensland's GST share at the same time as the implementation of the Australian Government's changes to horizontal fiscal equalisation (HFE) ramps up.

In 2018, the Australian Government legislated changes to HFE: states will no longer receive GST revenue to equalise them to the same standard as the fiscally strongest state (Western Australia), but to the stronger of New South Wales or Victoria; states are assured a minimum GST revenue sharing relativity (a relativity floor); and the Australian Government will boost the GST pool. These changes are being implemented over a six-year transition period (2021–22 to 2026–27).

Most states, including Queensland, did not support the changes when they were announced. The key concern is that all states except Western Australia will receive less GST revenue because the boost payments will not be sufficient to offset the other changes. In response, the Australian Government legislated a 'no worse off' guarantee for the transition period that ensures states will receive at least as much GST revenue under the new system. This guarantee will only apply up to 2026–27.

The Australian Government estimates that the additional GST assistance for Queensland under the 'no worse off' guarantee would be $627 million in 2024–25. Given this guarantee will not be available from 2027–28 onwards, this could present a significant fiscal risk to Queensland.

GOVERNMENT FISCAL PRINCIPLES

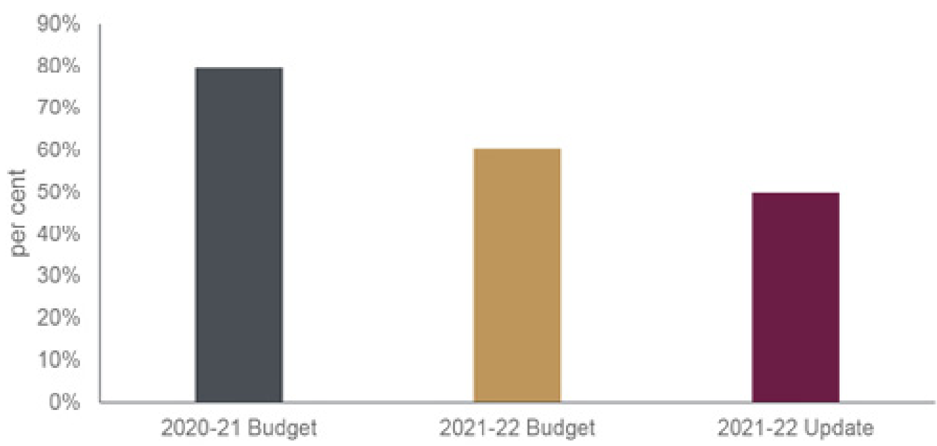
The Government developed a new Charter of Fiscal Responsibility (Charter) to inform the 2021–22 Budget strategy by providing a balanced path to restore Queensland's fiscal buffers as the economic recovery continues. The Fiscal Principles underpin the development of the state's fiscal strategy and financial decision-making.

Principle 1 – Stabilise the General Government Sector net debt to revenue ratio at sustainable levels in the medium term, and target reductions in the net debt to revenue ratio in the long term

A key component of the fiscal strategy is to stabilise debt at a sustainable level in the medium term. Queensland's strong public health response and decision to prioritise health and economic recovery during the crisis made increased borrowings unavoidable. However, revenue improvements and a disciplined approach to the fiscal strategy meant that forecast borrowings were far lower in the 2021–22 Budget than in the 2020–21 Budget. Since the 2021–22 Budget, forecasts for borrowings have reduced further, largely as a result of stronger revenue growth forecasts. The value of investments has also increased significantly making an important contribution to the reduction in net debt.

This improvement is evident in the 2020–21 results where the ratio of net debt to revenue fell from 45.3 per cent in the 2020–21 Budget, to 26.2 per cent in the 2021–22 Budget and an actual of 18.1 per cent. By 2024–25, the ratio of General Government net debt to revenue is expected to reach 50 per cent, far below the 61 per cent forecast in the 2021–22 Budget. Growth in the net debt to revenue ratio is forecast to moderate towards the end of the forward estimates. Material improvements in the 2021–22 Budget and 2021–22 Budget Update are consistent with debt stabilising at a sustainable level in the medium term.

Chart 10: Ratio of General Government net debt/revenue



Principle 2 – Ensure that average annual growth in General Government Sector expenditure in the medium term is below the average annual growth in General Government Sector revenue to deliver fiscally sustainable net operating surpluses

Fiscal Principle 2 is designed to provide a broad measure of expenditure growth management. Maintaining a lower rate of expenditure growth than revenue growth will deliver sustainable operating surpluses and assist debt stabilisation.

Over the four years to 2024–25, revenues are forecast to grow by an average of 3.4 per cent per annum, relative to average expenses growth of 3.0 per cent per annum. Far higher revenues and lower expenses in the 2020–21 outcome than forecast in the 2021–22 Queensland Budget have contributed to a narrowing of the difference in average revenue and expenses growth over the four-year period. For example, using 2019–20 as the base year revenue is estimated to grow by 4.4 per cent per annum over the 5 years to 2024–25 compared to annual expenses growth of 2.4 per cent. Forecasts remain on track to return to an operating surplus by 2024–25, consistent with the 2021–22 Budget.

Principle 3 – Target continual improvements in net operating surpluses to ensure that, in the medium term, net cash flows from investments in non-financial assets (capital) will be funded primarily from net cash inflows from operating activities. The capital program will focus on supporting a productive economy, jobs, and ensuring a pipeline of infrastructure that responds to population growth

Large capital programs that will support jobs and enhance the productive capacity of the economy remain a government priority. A capital program of $55.9 billion is planned over the four years to 2024–25. Maintaining a large capital program at the same time as stabilising net debt will require the capital program to be primarily funded through operating cash surpluses rather than additional borrowings.

In 2021–22, the operating cash surplus has increased significantly as a share of net cash flows from investments in non-financial assets, from 7 per cent in the 2021–22 Budget to 49 per cent in the 2021–22 Budget Update. The increase is due mostly to windfall gains in royalty revenue resulting from the temporary coal price increase in 2021–22, which will be invested to support future government initiatives. Adjusted for the $2.5 billion royalty investment, the share of capital funded through operating cash surpluses in 2021–22 would be 19 per cent.

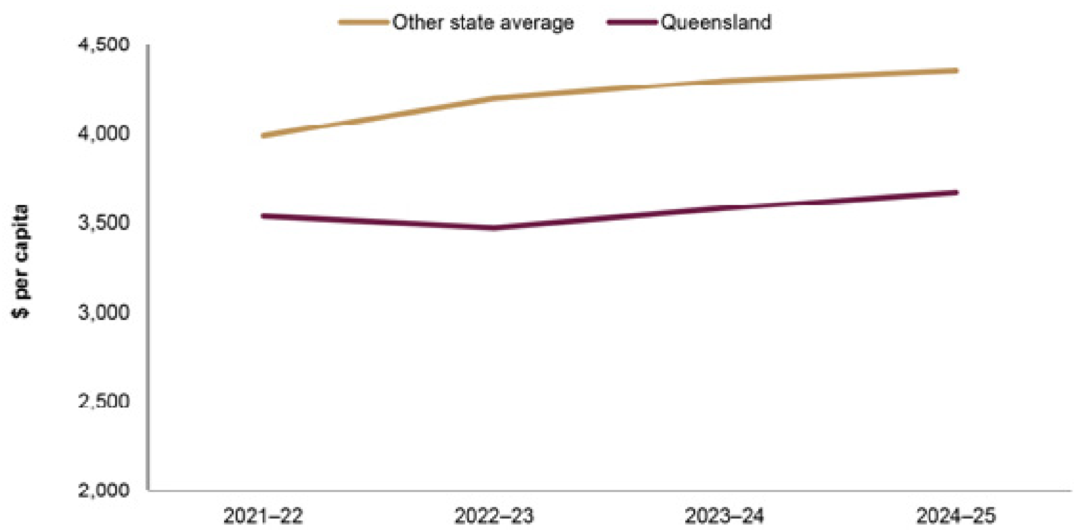
By 2024–25, 53 per cent of investment in non-financial assets is expected to be funded from operating cash, broadly consistent with 2021–22 Budget forecasts. Across the four-year period 2021–22 to 2024–25, even though the capital program has increased, an increasing proportion of it is being funded from net cash inflows.

Principle 4 – Maintain competitive taxation by ensuring that, on a per capita basis, Queensland has lower taxation than the average of other states

Fiscal Principle 4 directly measures the competitiveness of Queensland's taxation regime and policies compared to other states.

Using the latest forecasts, Queensland's taxation per capita of $3,537 in 2021–22 compares favourably to other jurisdictions. On average, Queenslanders are expected to pay $452 less tax compared to the residents of other states and territories in 2021–22. While Queensland's tax forecasts have increased significantly across the four years to 2024–25 since the 2021–22 Budget, the state is maintaining a highly competitive regime.

Chart 11: Taxation per capita, Queensland and other jurisdictions



Sources:

1. 2021–22 Budget Update for Queensland.
2. 2021–22 State Budget for all other jurisdictions.

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

The full funding of superannuation and other long-term liabilities is a long-standing Queensland Government priority and a key element of Queensland's financial management. A commitment to this principle has continued through the economic and fiscal recovery from the COVID-19 crisis, and it remains part of the long-term fiscal strategy. The State Actuary has confirmed that Queensland's defined benefit superannuation scheme remains fully funded with total assets exceeding accrued liabilities by greater than $6 billion as at 30 June 2021. Full funding is unique amongst Australian jurisdictions.

UNIFORM PRESENTATION FRAMEWORK

Table 4: General Government Sector Operating Statement[1]

		2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
	Revenue from Transactions						
	Taxation revenue	16,249	17,399	18,491	18,317	19,117	19,867
	Grants revenue	33,013	31,935	32,491	33,733	35,264	36,252
	Sales of goods and services	6,063	6,062	5,966	6,168	6,353	6,211
	Interest income	1,948	2,537	2,575	2,793	2,859	2,933
	Dividend and income tax equivalent income	1,310	1,142	1,085	1,111	946	877
	Other revenue	4,148	4,589	7,627	5,410	5,533	5,642
	Total Revenue from Transactions	**62,732**	**63,664**	**68,235**	**67,531**	**70,072**	**71,781**
Less	**Expenses from Transactions**						
	Employee expenses	26,501	27,474	27,976	29,063	29,927	31,050
	Superannuation expenses						
	Superannuation interest cost	246	373	376	404	462	474
	Other superannuation expenses	3,073	3,156	3,432	3,505	3,594	3,710
	Other operating expenses	16,335	17,963	18,264	17,586	17,402	17,341
	Depreciation and amortisation	4,187	4,356	4,450	4,652	4,680	4,836
	Other interest expenses	1,619	1,667	1,694	1,853	2,063	2,247
	Grants expenses	11,709	12,160	13,535	12,867	12,502	11,965
	Total Expenses from Transactions	**63,669**	**67,148**	**69,727**	**69,928**	**70,631**	**71,623**
Equals	**Net Operating Balance**	**(937)**	**(3,485)**	**(1,492)**	**(2,397)**	**(559)**	**158**
Plus	Other economic flows - included in operating result	9,787	195	195	401	377	512
Equals	**Operating Result**	**8,850**	**(3,290)**	**(1,297)**	**(1,996)**	**(182)**	**670**
Plus	Other economic flows - other movements in equity	7,044	1,773	2,152	2,943	2,049	1,716
Equals	**Comprehensive Result - Total Change In Net Worth**	**15,894**	**(1,517)**	**855**	**947**	**1,866**	**2,385**
	KEY FISCAL AGGREGATES						
	Net Operating Balance	(937)	(3,485)	(1,492)	(2,397)	(559)	158
Less	**Net Acquisition of Non-financial Assets**						
	Purchases of non-financial assets	6,835	7,800	8,317	8,078	7,674	7,642
	Less Sales of non-financial assets	216	240	238	186	264	190
	Less Depreciation	4,187	4,356	4,450	4,652	4,680	4,836
	Plus Change in inventories	46	9	24	(8)	(4)	29
	Plus Other movements in non-financial assets	1,599	1,266	1,582	861	284	181
	Equals **Total Net Acquisition of Non-financial Assets**	4,078	4,480	5,235	4,093	3,009	2,825
Equals	**Fiscal Balance**	**(5,015)**	**(7,965)**	**(6,726)**	**(6,490)**	**(3,568)**	**(2,667)**

Note:
1. Numbers may not add due to rounding.

Table 5: Public Non-financial Corporations Sector Operating Statement[1]

		2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
	Revenue from Transactions						
	Grants revenue	615	711	737	714	630	616
	Sales of goods and services	12,199	11,161	11,618	11,110	10,812	11,013
	Interest income	65	58	55	59	66	74
	Dividend and income tax equivalent income	15	—	—	—	—	—
	Other revenue	345	306	396	378	344	351
	Total Revenue from Transactions	**13,240**	**12,237**	**12,807**	**12,262**	**11,852**	**12,053**
Less	**Expenses from Transactions**						
	Employee expenses	2,123	2,211	2,262	2,363	2,448	2,526
	Superannuation expenses						
	Superannuation interest cost	(3)	—	—	—	—	—
	Other superannuation expenses	249	241	231	243	252	261
	Other operating expenses	4,895	3,996	4,451	3,749	3,512	3,642
	Depreciation and amortisation	2,640	2,882	2,883	2,931	2,998	3,022
	Other interest expenses	1,691	1,661	1,658	1,579	1,538	1,519
	Grants expenses	24	24	14	24	24	24
	Other property expenses	457	448	449	377	290	252
	Total Expenses from Transactions	**12,078**	**11,463**	**11,948**	**11,265**	**11,061**	**11,246**
Equals	**Net Operating Balance**	**1,162**	**774**	**858**	**997**	**790**	**808**
Plus	Other economic flows - included in operating result	(466)	13	(25)	(191)	(398)	(547)
Equals	**Operating Result**	**696**	**787**	**833**	**806**	**392**	**261**
Plus	Other economic flows - other movements in equity	(1,010)	288	59	354	458	(79)
Equals	**Comprehensive Result - Total Change In Net Worth**	**(315)**	**1,075**	**892**	**1,159**	**850**	**181**
	KEY FISCAL AGGREGATES						
	Net Operating Balance	1,162	774	858	997	790	808
Less	**Net Acquisition of Non-financial Assets**						
	Purchases of non-financial assets	3,157	3,713	3,655	3,691	3,464	3,392
	Less Sales of non-financial assets	69	68	47	63	49	52
	Less Depreciation	2,640	2,882	2,883	2,931	2,998	3,022
	Plus Change in inventories	—	4	11	(1)	24	18
	Plus Other movements in non-financial assets	77	106	85	112	110	103
	Equals **Total Net Acquisition of Non-financial Assets**	525	872	821	809	551	438
Equals	**Fiscal Balance**	**637**	**(98)**	**37**	**188**	**240**	**369**

Note:
1. Numbers may not add due to rounding.

Table 6: Non-financial Public Sector Operating Statement[1]

		2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
	Revenue from Transactions						
	Taxation revenue	15,906	17,062	18,147	17,956	18,740	19,479
	Grants revenue	33,020	31,951	32,511	33,752	35,277	36,264
	Sales of goods and services	15,667	14,320	14,734	14,507	14,538	14,635
	Interest income	2,007	2,578	2,624	2,846	2,919	2,999
	Dividend and income tax equivalent income	150	129	145	161	162	180
	Other revenue	4,478	4,894	8,021	5,786	5,875	5,991
	Total Revenue from Transactions	**71,228**	**70,934**	**76,183**	**75,008**	**77,510**	**79,549**
Less	**Expenses from Transactions**						
	Employee expenses	28,498	29,561	30,110	31,293	32,242	33,443
	Superannuation expenses						
	Superannuation interest cost	243	373	376	404	462	474
	Other superannuation expenses	3,322	3,397	3,662	3,748	3,846	3,971
	Other operating expenses	18,610	19,049	19,857	18,556	18,279	18,387
	Depreciation and amortisation	6,827	7,238	7,333	7,582	7,678	7,858
	Other interest expenses	3,114	3,107	3,140	3,208	3,361	3,513
	Grants expenses	11,125	11,489	12,832	12,195	11,909	11,386
	Total Expenses from Transactions	**71,739**	**74,213**	**77,311**	**76,986**	**77,777**	**79,032**
Equals	**Net Operating Balance**	**(511)**	**(3,279)**	**(1,128)**	**(1,978)**	**(267)**	**517**
Plus	Other economic flows - included in operating result	8,872	118	80	140	(92)	(314)
Equals	Operating Result	**(8,361)**	**(3,161)**	**(1,048)**	**(1,839)**	**(358)**	**203**
Plus	Other economic flows - other movements in equity	7,532	1,644	1,904	2,786	2,225	2,182
Equals	**Comprehensive Result - Total Change In Net Worth**	**15,894**	**(1,517)**	**855**	**947**	**1,866**	**2,385**
	KEY FISCAL AGGREGATES						
	Net Operating Balance	(511)	(3,279)	(1,128)	(1,978)	(267)	517
Less	**Net Acquisition of Non-financial Assets**						
	Purchases of non-financial assets	10,007	11,513	11,973	11,769	11,137	11,035
	Less Sales of non-financial assets	272	308	286	250	313	243
	Less Depreciation	6,827	7,238	7,333	7,582	7,678	7,858
	Plus Change in inventories	46	13	35	(9)	20	47
	Plus Other movements in non-financial assets	1,676	1,372	1,667	974	394	284
	Equals **Total Net Acquisition of Non-financial Assets**	4,630	5,352	6,056	4,902	3,560	3,264
Equals	**Fiscal Balance**	**(5,141)**	**(8,631)**	**(7,184)**	**(6,880)**	**(3,826)**	**(2,747)**

Note:
1. Numbers may not add due to rounding.

Table 7: General Government Sector Balance Sheet[1]

	2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Assets						
Financial Assets						
Cash and deposits	1,072	860	818	713	649	608
Advances paid	1,339	1,545	1,520	1,621	1,587	1,508
Investments, loans and placements	41,742	39,319	45,073	46,146	47,134	48,066
Receivables	5,521	3,305	3,633	4,342	4,438	4,808
Equity						
Investments in other public sector entities	21,429	22,857	22,334	23,493	24,343	24,525
Investments - other	165	161	164	164	164	164
Total Financial Assets	**71,267**	**68,047**	**73,541**	**76,479**	**78,315**	**79,679**
Non-financial Assets						
Land and other fixed assets	243,075	243,243	249,199	254,357	258,858	262,811
Other non-financial assets	7,390	6,920	7,355	7,501	7,692	7,977
Total Non-financial Assets	**250,464**	**250,163**	**256,553**	**261,858**	**266,550**	**270,788**
Total Assets	**321,731**	**318,210**	**330,094**	**338,337**	**344,865**	**350,467**
Liabilities						
Payables	4,725	4,673	4,707	4,782	4,831	4,920
Superannuation liability	27,322	22,686	25,705	23,672	22,145	20,604
Other employee benefits	8,914	8,514	9,433	9,585	9,793	10,067
Advances received	1,435	1,432	1,476	1,413	1,312	1,095
Borrowing with QTC	46,153	57,240	55,473	65,386	71,719	76,878
Leases and other similar arrangements	7,704	7,603	7,778	7,509	7,775	7,622
Securities and derivatives	220	198	220	220	220	220
Other liabilities	15,633	12,690	14,823	14,343	13,777	13,382
Total Liabilities	**112,106**	**115,037**	**119,614**	**126,910**	**131,571**	**134,788**
Net Worth	**209,625**	**203,174**	**210,480**	**211,427**	**213,294**	**215,679**
Net Financial Worth	(40,839)	(46,989)	(46,073)	(50,431)	(53,256)	(55,109)
Net Financial Liabilities	62,268	69,847	68,407	73,924	77,599	79,633
Net Debt	11,360	24,750	17,536	26,049	31,656	35,633

Notes:
1. Numbers may not add due to rounding.

Table 8: Public Non-financial Corporations Sector Balance Sheet[1]

	2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Assets						
Financial Assets						
Cash and deposits	1,159	784	975	974	1,041	1,172
Advances paid	1,135	1,214	1,226	1,212	1,160	991
Investments, loans and placements	1,345	308	985	818	806	817
Receivables	1,829	1,572	1,620	1,669	1,671	1,726
Equity						
Investments - other	7	9	7	7	7	7
Total Financial Assets	**5,474**	**3,887**	**4,813**	**4,680**	**4,685**	**4,713**
Non-financial Assets						
Land and other fixed assets	64,054	66,328	65,158	66,655	67,747	68,630
Other non-financial assets	2,014	1,463	2,016	2,004	2,006	2,022
Total Non-financial Assets	**66,068**	**67,791**	**67,174**	**68,659**	**69,754**	**70,652**
Total Assets	**71,543**	**71,678**	**71,987**	**73,339**	**74,438**	**75,364**
Liabilities						
Payables	2,304	1,640	1,839	1,887	1,849	1,987
Superannuation liability	(273)	(152)	(273)	(273)	(273)	(273)
Other employee benefits	963	940	964	965	980	997
Deposits held	12	13	12	12	12	12
Advances received	5	4	4	4	3	2
Borrowing with QTC	39,747	40,655	40,278	40,476	40,629	41,029
Leases and other similar arrangements	454	405	405	371	337	301
Securities and derivatives	1,357	245	921	691	647	638
Other liabilities	8,319	7,857	8,291	8,500	8,697	8,933
Total Liabilities	**52,888**	**51,608**	**52,440**	**52,633**	**52,882**	**53,627**
Net Worth	**18,655**	**20,070**	**19,547**	**20,706**	**21,556**	**21,737**
Net Financial Worth	(47,414)	(47,721)	(47,628)	(47,953)	(48,198)	(48,914)
Net Debt	37,936	39,017	38,434	38,550	38,623	39,003

Notes:

1. Numbers may not add due to rounding.

Table 9: Non-financial Public Sector Balance Sheet[1]

	2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Assets						
Financial Assets						
Cash and deposits	2,232	1,644	1,792	1,687	1,690	1,780
Advances paid	1,334	1,540	1,515	1,617	1,584	1,506
Investments, loans and placements	43,086	39,628	46,058	46,963	47,939	48,883
Receivables	6,418	4,037	4,367	5,036	5,172	5,453
Equity						
Investments in other public sector entities	2,775	2,788	2,788	2,788	2,788	2,788
Investments - other	172	171	170	171	171	171
Total Financial Assets	**56,016**	**49,807**	**56,691**	**58,262**	**59,344**	**60,581**
Non-financial Assets						
Land and other fixed assets	307,128	309,570	314,356	321,011	326,605	331,440
Other non-financial assets	1,256	1,107	1,205	1,100	1,029	1,019
Total Non-financial Assets	**308,385**	**310,677**	**315,561**	**322,112**	**327,634**	**332,459**
Total Assets	**364,401**	**360,484**	**372,252**	**380,374**	**386,978**	**393,040**
Liabilities						
Payables	6,150	5,520	5,713	5,748	5,798	5,882
Superannuation liability	27,049	22,534	25,432	23,399	21,872	20,331
Other employee benefits	9,877	9,453	10,397	10,551	10,773	11,064
Deposits held	12	13	12	12	12	12
Advances received	300	218	250	201	152	103
Borrowing with QTC	85,901	97,896	95,751	105,862	112,348	117,908
Leases and other similar arrangements	8,158	8,009	8,182	7,880	8,112	7,923
Securities and derivatives	1,567	436	1,131	901	857	848
Other liabilities	15,762	13,231	14,903	14,393	13,760	13,288
Total Liabilities	**154,775**	**157,310**	**161,771**	**168,947**	**173,684**	**177,360**
Net Worth	**209,625**	**203,174**	**210,480**	**211,427**	**213,294**	**215,679**
Net Financial Worth	(98,759)	(107,503)	(105,080)	(110,684)	(114,340)	(116,780)
Net Financial Liabilities	101,534	110,291	107,868	113,472	117,128	119,568
Net Debt	49,287	63,760	55,961	64,589	70,269	74,626

Notes:
1. Numbers may not add due to rounding.

Table 10: General Government Sector Cash Flow Statement[1]

	2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Cash Receipts from Operating Activities						
Taxes received	15,882	18,657	19,748	18,315	19,115	19,865
Grants and subsidies received	31,226	31,906	33,037	33,230	35,238	36,101
Sales of goods and services	6,217	6,312	6,272	6,420	6,601	6,518
Interest receipts	2,077	2,535	2,601	2,790	2,857	2,931
Dividends and income tax equivalents	1,673	897	1,140	1,022	998	938
Other receipts	5,745	5,730	9,191	6,948	6,957	7,125
Total Operating Receipts	**62,820**	**66,038**	**71,989**	**68,726**	**71,766**	**73,477**
Cash Payments for Operating Activities						
Payments for employees	(30,320)	(31,442)	(31,864)	(33,273)	(34,402)	(35,710)
Payments for goods and services	(19,002)	(20,402)	(21,035)	(19,973)	(19,817)	(19,733)
Grants and subsidies	(11,709)	(12,100)	(13,469)	(12,742)	(12,458)	(11,921)
Interest paid	(1,568)	(1,600)	(1,625)	(1,780)	(1,983)	(2,165)
Other payments	(2)	—	(1)	—	—	—
Total Operating Payments	**(62,601)**	**(65,544)**	**(67,995)**	**(67,768)**	**(68,659)**	**(69,528)**
Net Cash Inflows from Operating Activities	**219**	**493**	**3,995**	**959**	**3,107**	**3,949**
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(6,835)	(7,800)	(8,317)	(8,078)	(7,674)	(7,642)
Sales of non-financial assets	216	240	238	186	264	190
Net Cash Flows from Investments in Non-financial Assets	**(6,619)**	**(7,561)**	**(8,079)**	**(7,892)**	**(7,410)**	**(7,452)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(33)**	**(636)**	**(525)**	**(532)**	**(398)**	**57**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**(3,513)**	**(821)**	**(1,027)**	**(1,061)**	**(984)**	**(924)**
Receipts from Financing Activities						
Advances received (net)	(410)	(69)	45	(60)	(99)	(216)
Borrowing (net)	10,224	8,501	5,337	8,482	5,720	4,546
Deposits received (net)	(1)	—	—	—	—	—
Net Cash Flows from Financing Activities	**9,813**	**8,433**	**5,382**	**8,422**	**5,622**	**4,330**
Net Increase/(Decrease) in Cash held	**(133)**	**(91)**	**(255)**	**(104)**	**(63)**	**(41)**
Net cash from operating activities	219	493	3,995	959	3,107	3,949
Net cash flows from investments in non-financial assets	(6,619)	(7,561)	(8,079)	(7,892)	(7,410)	(7,452)
Surplus/(Deficit)	**(6,401)**	**(7,067)**	**(4,085)**	**(6,933)**	**(4,303)**	**(3,503)**
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	(6,401)	(7,067)	(4,085)	(6,933)	(4,303)	(3,503)
Acquisitions under finance leases and similar arrangements	(1,547)	(1,088)	(1,410)	(757)	(102)	—
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(7,948)**	**(8,155)**	**(5,495)**	**(7,690)**	**(4,405)**	**(3,503)**

Note:

1. Numbers may not add due to rounding.

Table 11: Public Non-financial Corporations Sector Cash Flow Statement[1]

	2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Cash Receipts from Operating Activities						
Grants and subsidies received	614	681	720	702	619	604
Sales of goods and services	13,555	12,674	13,513	12,679	12,328	12,492
Interest receipts	66	58	55	59	66	74
Dividends and income tax equivalents	15	—	—	—	—	—
Other receipts	182	206	286	269	250	263
Total Operating Receipts	**14,433**	**13,620**	**14,574**	**13,710**	**13,263**	**13,432**
Cash Payments for Operating Activities						
Payments for employees	(2,295)	(2,426)	(2,493)	(2,604)	(2,686)	(2,770)
Payments for goods and services	(5,931)	(5,593)	(6,188)	(5,136)	(4,808)	(4,927)
Grants and subsidies	(24)	(24)	(14)	(24)	(24)	(24)
Interest paid	(1,684)	(1,645)	(1,634)	(1,576)	(1,534)	(1,514)
Other payments	(1,002)	(869)	(814)	(827)	(725)	(753)
Total Operating Payments	**(10,936)**	**(10,557)**	**(11,144)**	**(10,166)**	**(9,777)**	**(9,988)**
Net Cash Inflows from Operating Activities	**3,497**	**3,063**	**3,430**	**3,544**	**3,486**	**3,445**
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(3,157)	(3,713)	(3,655)	(3,691)	(3,464)	(3,392)
Sales of non-financial assets	69	68	47	63	49	52
Net Cash Flows from Investments in Non-financial Assets	**(3,088)**	**(3,644)**	**(3,608)**	**(3,628)**	**(3,414)**	**(3,340)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**262**	**(68)**	**(181)**	**(56)**	**(18)**	**84**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**10**	**(12)**	**(14)**	**(12)**	**(12)**	**(13)**
Receipts from Financing Activities						
Advances received (net)	(1)	(1)	(1)	(1)	(1)	(1)
Borrowing (net)	806	380	472	141	97	342
Dividends paid	(1,071)	(419)	(723)	(494)	(578)	(498)
Deposits received (net)	(1)	—	—	—	—	—
Other financing (net)	(144)	543	439	506	508	112
Net Cash Flows from Financing Activities	**(411)**	**503**	**188**	**152**	**26**	**(45)**
Net Increase/(Decrease) in Cash held	**270**	**(157)**	**(185)**	**—**	**66**	**131**
Net cash from operating activities	3,497	3,063	3,430	3,544	3,486	3,445
Net cash flows from investments in non-financial assets	(3,088)	(3,644)	(3,608)	(3,628)	(3,414)	(3,340)
Dividends paid	(1,071)	(419)	(723)	(494)	(578)	(498)
Surplus/(Deficit)	**(662)**	**(1,001)**	**(901)**	**(578)**	**(507)**	**(394)**
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	(662)	(1,001)	(901)	(578)	(507)	(394)
Acquisitions under finance leases and similar arrangements	(18)	(5)	(5)	(18)	(17)	(16)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(680)**	**(1,006)**	**(905)**	**(596)**	**(524)**	**(410)**

Note:
1. Numbers may not add due to rounding.

Table 12: Non-financial Public Sector Cash Flow Statement[1]

	2020–21 Outcome $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Cash Receipts from Operating Activities						
Taxes received	15,549	18,321	19,405	17,955	18,739	19,478
Grants and subsidies received	31,233	31,910	33,046	33,237	35,238	36,102
Sales of goods and services	17,166	15,702	16,556	15,941	15,921	16,032
Interest receipts	2,136	2,575	2,650	2,844	2,917	2,997
Dividends and income tax equivalents	121	122	139	150	161	170
Other receipts	5,893	5,926	9,475	7,216	7,205	7,386
Total Operating Receipts	**72,098**	**74,556**	**81,270**	**77,343**	**80,181**	**82,164**
Cash Payments for Operating Activities						
Payments for employees	(32,489)	(33,744)	(34,229)	(35,744)	(36,954)	(38,346)
Payments for goods and services	(22,256)	(22,714)	(23,995)	(21,945)	(21,609)	(21,676)
Grants and subsidies	(11,128)	(11,428)	(12,765)	(12,070)	(11,864)	(11,342)
Interest paid	(3,061)	(3,024)	(3,049)	(3,133)	(3,278)	(3,427)
Other payments	(490)	(508)	(531)	(443)	(461)	(479)
Total Operating Payments	**(69,424)**	**(71,419)**	**(74,568)**	**(73,335)**	**(74,167)**	**(75,270)**
Net Cash Inflows from Operating Activities	**2,675**	**3,137**	**6,702**	**4,008**	**6,014**	**6,894**
Cash Flows from Investments in Non-Financial Assets						
Purchases of non-financial assets	(10,007)	(11,513)	(11,973)	(11,769)	(11,137)	(11,035)
Sales of non-financial assets	272	308	286	250	313	243
Net Cash Flows from Investments in Non-financial Assets	**(9,735)**	**(11,205)**	**(11,687)**	**(11,519)**	**(10,824)**	**(10,792)**
Net Cash Flows from Investments in Financial Assets for Policy Purposes	**(84)**	**(183)**	**(177)**	**(97)**	**39**	**84**
Net Cash Flows from Investments in Financial Assets for Liquidity Purposes	**(3,503)**	**(832)**	**(1,040)**	**(1,073)**	**(997)**	**(937)**
Receipts from Financing Activities						
Advances received (net)	(55)	(47)	(47)	(47)	(47)	(47)
Borrowing (net)	11,031	8,881	5,809	8,623	5,817	4,888
Deposits received (net)	(1)	—	—	—	—	—
Other financing (net)	(191)	—	—	—	—	—
Net Cash Flows from Financing Activities	**10,783**	**8,835**	**5,763**	**8,576**	**5,770**	**4,841**
Net Increase/(Decrease) in Cash held	**137**	**(249)**	**(439)**	**(105)**	**3**	**90**
Net cash from operating activities	2,675	3,137	6,702	4,008	6,014	6,894
Net cash flows from investments in non-financial assets	(9,735)	(11,205)	(11,687)	(11,519)	(10,824)	(10,792)
Surplus/(Deficit)	**(7,060)**	**(8,068)**	**(4,985)**	**(7,511)**	**(4,810)**	**(3,898)**
Derivation of ABS GFS Cash Surplus/Deficit						
Cash surplus/(deficit)	(7,060)	(8,068)	(4,985)	(7,511)	(4,810)	(3,898)
Acquisitions under finance leases and similar arrangements	(1,565)	(1,093)	(1,415)	(775)	(119)	(16)
ABS GFS Cash Surplus/(Deficit) Including Finance Leases and Similar Arrangements	**(8,625)**	**(9,161)**	**(6,400)**	**(8,286)**	**(4,929)**	**(3,913)**

Note:
1. Numbers may not add due to rounding.

TAXATION AND ROYALTY REVENUE ASSUMPTIONS

Table 13: Taxation and royalty revenue[1]

	2020–21 Actual $ million	2021–22 Budget $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
Payroll tax	4,166	4,484	4,634	4,876	5,122	5,298
Transfer duty	3,954	4,598	5,389	4,679	4,845	5,018
Other duties	1,788	1,830	1,960	1,983	2,068	2,157
Gambling taxes and levies	1,586	1,553	1,541	1,606	1,672	1,730
Land tax	1,524	1,617	1,617	1,706	1,823	1,954
Motor vehicle registration	2,011	2,044	2,074	2,136	2,204	2,280
Other taxes	1,220	1,273	1,276	1,331	1,383	1,431
Total taxation revenue	**16,249**	**17,399**	**18,491**	**18,317**	**19,117**	**19,867**
Royalties						
Coal	1,740	2,048	4,640	2,611	2,909	3,031
Petroleum[2]	298	632	959	805	624	610
Other royalties[3]	499	487	482	475	483	468
Land rents	126	174	174	177	179	182
Total royalties and land rents	**2,662**	**3,341**	**6,255**	**4,067**	**4,196**	**4,291**

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 14: Royalty assumptions

	2021-22 Update	2022-23 Projection	2023-24 Projection	2024-25 Projection
Tonnages – crown export[1] coal (Mt)	193	206	219	226
Exchange rate $US per $A[2]	0.74	0.75	0.75	0.75
Year average coal prices ($US per tonne)[3]				
Hard coking	222	150	150	150
Semi-soft	165	113	113	113
Thermal	110	80	75	75
Year average oil price				
Brent ($US per barrel)	74	68	60	60

Notes:
1. Excludes coal produced for domestic consumption and coal where royalties are not paid to the Government, i.e. private royalties. 2021–22 estimate for domestic coal volume is approximately 22.6 Mt and private coal is 8.5 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 2021–22 as follows: Hard coking US$205 per tonne and thermal US$102 per tonne.
4. Published Brent oil prices are lagged by 4 months to better align with royalty revenue.

KEY FISCAL AGGREGATES

Table 15: Key Fiscal Aggregates[1]

	2013–14 Actual[1] $ million	2014–15 Actual[1] $ million	2015–16 Actual[1] $ million	2016–17 Actual[1] $ million	2017–18 Actual[1] $ million	2018–19 Actual[1] $ million	2019–20 Actual[1] $ million	2020–21 Actual $ million	2021–22 Update $ million	2022–23 Projection $ million	2023–24 Projection $ million	2024–25 Projection $ million
General Government												
Total revenue	46,705	49,970	50,780	56,194	58,087	59,828	57,778	62,732	68,235	67,531	70,072	71,781
Taxation revenue	11,840	12,598	12,547	12,919	13,244	14,165	14,585	16,249	18,491	18,317	19,117	19,867
Total expenses	46,217	49,551	50,112	53,369	56,337	58,843	63,505	63,669	69,727	69,928	70,631	71,623
Employee expenses	17,816	18,592	20,045	21,258	22,681	24,019	25,662	26,501	27,976	29,063	29,927	31,050
Net operating balance	488	420	668	2,825	1,750	985	(5,728)	(937)	(1,492)	(2,397)	(559)	158
Capital purchases	6,323	4,635	4,044	4,620	5,126	5,764	6,306	6,835	8,317	8,078	7,674	7,642
Net capital purchases	3,085	996	1,163	2,265	2,337	3,192	3,436	4,078	5,235	4,093	3,009	2,825
Fiscal balance	(2,597)	(576)	(495)	560	(587)	(2,207)	(9,164)	(5,015)	(6,726)	(6,490)	(3,568)	(2,667)
Borrowing with QTC	39,864	41,343	34,200	31,358	29,256	29,468	37,570	46,153	55,473	65,386	71,719	76,878
Leases and similar arrangements[2]	1,503	1,761	1,286	1,882	2,142	2,612	6,485	7,704	7,778	7,509	7,775	7,622
Securities and Derivatives	1	(0)	(0)	(0)	122	121	198	220	220	220	220	220
Net debt	5,208	5,749	654	(355)	(509)	(198)	14,036	11,360	17,536	26,049	31,656	35,633
Non-financial Public Sector												
Total revenue	53,502	56,178	57,393	64,855	66,164	68,329	66,171	71,228	76,183	75,008	77,510	79,549
Capital purchases	9,313	7,811	6,852	7,291	7,643	8,460	9,482	10,007	11,973	11,769	11,137	11,035
Borrowing with QTC	70,668	73,256	71,160	69,107	66,964	67,576	76,464	85,901	95,751	105,862	112,348	117,908
Leases and similar arrangements[2]	1,752	1,802	1,316	1,882	2,142	2,612	6,977	8,158	8,182	7,880	8,112	7,923
Securities and Derivatives	216	175	446	895	405	720	1,503	1,567	1,131	901	857	848

Notes:

1. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated to ensure comparability.
2. Approximately $2.2 billion increase in General Government and $2.6 billion in NFPS in 2019-20 on adoption of the new lease accounting standard AASB 16.

Table 16: Key Fiscal Indicators[1]

	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25
	Actual[1]	Actual[1]	Actual[1]	Actual[1]	Actual[1]	Actual[1]	Actual[1]	Actual	Update	Projection	Projection	Projection
	%	%	%	%	%	%	%	%	%	%	%	%
General Government												
Revenue/GSP	16.1	16.9	16.8	17.1	16.5	16.3	16.0	17.1	16.3	16.3	16.3	15.9
Tax/GSP	4.1	4.3	4.2	3.9	3.8	3.9	4.0	4.4	4.4	4.4	4.4	4.4
Own source revenue/GSP	8.6	8.9	8.9	8.8	8.6	8.6	8.3	8.1	8.6	8.2	8.1	7.9
Expenses/GSP	16.0	16.8	16.6	16.2	16.0	16.1	17.6	17.4	16.7	16.9	16.4	15.9
Employee expenses/GSP	6.2	6.3	6.6	6.5	6.5	6.6	7.1	7.2	6.7	7.0	6.9	6.9
Net operating balance/GSP	0.2	0.1	0.2	0.9	0.5	0.3	(1.6)	(0.3)	(0.4)	(0.6)	(0.1)	0.0
Capital purchases/GSP	2.2	1.6	1.3	1.4	1.5	1.6	1.7	1.9	2.0	2.0	1.8	1.7
Net cash inflows from operating activities/Net cash flows from investments in non-financial assets	45.9	97.5	122.9	134.2	107.0	105.5	(2.6)	3.3	49.4	12.1	41.9	53.0
Fiscal balance/GSP	(0.9)	(0.2)	(0.2)	0.2	(0.2)	(0.6)	(2.5)	(1.4)	(1.6)	(1.6)	(0.8)	(0.6)
Total borrowings/GSP	14.3	14.6	11.7	10.1	9.0	8.8	12.2	14.8	15.2	17.7	18.5	18.8
Total Borrowings/Revenue	88.6	86.3	69.9	59.2	54.3	53.8	76.6	86.2	93.0	108.3	113.8	118.0
Lease and other liabilities/revenue	3.2	3.5	2.5	3.3	3.7	4.4	11.2	12.3	11.4	11.1	11.1	10.6
Net debt/revenue	11.2	11.5	1.3	(0.6)	(0.9)	(0.3)	24.3	18.1	25.7	38.6	45.2	49.6
Revenue growth	11.9	7.0	1.6	10.7	3.4	3.0	(3.4)	8.6	8.8	(1.0)	3.8	2.4
Tax growth	8.3	6.4	(0.4)	3.0	2.5	7.0	3.0	11.4	13.8	(0.9)	4.4	3.9
Expenses growth	(0.2)	7.2	1.1	6.5	5.6	4.4	7.9	0.3	9.5	0.3	1.0	1.4
Employee expenses growth	(1.7)	4.4	7.8	6.1	6.7	5.9	6.8	3.3	5.6	3.9	3.0	3.8
Non-Financial Public Sector												
Capital purchases/GSP	3.2	2.6	2.3	2.2	2.2	2.3	2.6	2.7	2.9	2.8	2.6	2.4
Total borrowings/GSP	25.1	25.5	24.1	21.9	19.8	19.4	23.5	26.1	25.2	27.7	28.2	28.1
Total Borrowings/Revenue	135.8	133.9	127.1	110.8	105.1	103.8	128.4	134.3	137.9	152.8	156.5	159.2
Net financial liabilities/revenue	129.8	125.2	127.4	111.2	111.5	114.9	158.3	142.5	141.6	151.3	151.1	150.3

Notes:

1. With the implementation of the latest GFS Manual (AGFS15), some categories have been restated to ensure comparability. GSP figures reflect 2020-21 ABS National Accounts: State Accounts.

Queensland
Government

EXHIBIT (c)(v)

Queensland Sustainability Report 2021

FORWARD-LOOKING STATEMENTS

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

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

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

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

Queensland Government

Queensland Sustainability Report 2021

Queensland Government

Contents

Introduction

This is the State of Queensland's inaugural Sustainability Report. The Queensland Government has a key role in managing the state's environment, communities, and financial resources for future generations. It acknowledges the increasing expectations of the global community to demonstrate its approach to considering Environmental, Social and Governance (ESG) factors in its decision-making.

As stakeholders increasingly look to integrate ESG considerations into their investment approaches and disclosures, this report provides information on the State of Queensland's commitments and outcomes. It provides:

- information on ESG focus areas that the state has identified
- the policies supporting the management of these and relevant reporting data
- public non-financial data for a broader range of relevant ESG factors (see Appendix A). The supporting Data Dictionary provides a full set of definitions and sources.

The Queensland Government recognises that just as ESG factors are linked to the Queensland economy, the individual factors are also interconnected. The Queensland Government has an important responsibility in considering all three factors; environmental, social and governance.

Queensland is currently rated AA for ESG by MSCI, as of July 2021[1], and the government has made many proactive policy commitments to secure a future of sustainable, inclusive growth.

ESG focus areas

This report outlines the state's ESG focus areas, and actions the Queensland Government is taking to advance sustainable development of its communities and capture opportunities. The Queensland Government has identified seven ESG focus areas across:

- **Environmental** issues and opportunities (e.g. climate change, renewable energy, vulnerability to natural disasters, environmental protection and natural resource management).
- **Social** issues and opportunities (e.g. economic risk and performance of the labour market, the state's health and education systems, and social cohesion).
- **Governance** issues and opportunities (e.g. political stability, institutional strength, and financial management).

The focus areas have been informed by market research to identify relevant areas of interest to investors, rating agencies and other financial stakeholders. The report has been developed with consideration given to the qualitative and quantitative ESG information requirements outlined in publicly available investment, reporting and rating agency frameworks. The data sets in Appendix A have been compiled by the Queensland Government Statistician's Office from independent sources.

The State notes the wide range of available ESG reporting frameworks and methodologies. While there is currently no mandatory sustainability reporting framework, the Queensland Government continues to monitor and be informed by developments in this area.

This report should be read in conjunction with the *Report on State Finances of the Queensland Government* for a complete view of the financial operations and performance of the state.

We welcome your feedback

The overarching objective has been to provide greater understanding and transparency and to support ongoing engagement with stakeholders about ESG-related issues and opportunities.

The Queensland Government acknowledges its role in actively managing ESG issues and opportunities and is committed to ongoing improvements to its ESG reporting. We welcome the opportunity to engage with stakeholders on the State's approach to identifying and reporting on ESG factors, and to inform future focus areas. You can contact us at: info@treasury.qld.gov.au.

---

[1] As of July 2021, the State of Queensland received an ESG rating of AA, ESG Trend Negative. Certain information © 2021 MSCI ESG Research LLC. No use or distribution without written consent. Data provided "as is" without any warranties. MSCI ESG Research LLC and affiliates assume no liability for or in connection with the data. Although the State of Queensland's information providers, including without limitation, MSCI ESG Research LLC and its affiliates (the "ESG Parties"), obtain information (the "Information") from sources they consider reliable, none of the ESG Parties warrants or guarantees the originality, accuracy and/or completeness, of any data herein and expressly disclaim all express or implied warranties, including those of merchantability and fitness for a particular purpose. The Information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for, or a component of, any financial instruments or products or indices. Further, none of the Information can in and of itself be used to determine which securities to buy or sell or when to buy or sell them. None of the ESG Parties shall have any liability for any errors or omissions in connection with any data herein, or any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Overview of Queensland’s seven ESG focus areas

Table 1: ESG focus areas

Focus area	Themes	Policy response areas
Environment		
1. Climate action	Addressing the causes and impacts of climate change through collaborative efforts, while ensuring the long-term sustainability and viability of the economy and communities.	● Queensland Climate Action Plan ● Renewable energy and exports (including hydrogen and biofuels) ● Carbon farming ● Sustainable finance ● Reducing emissions from government operations, including use of Electric Vehicles
2. Exposure to environmental externalities and vulnerability to natural disasters	Physical impacts to the state arising from extreme weather results, such as storms, cyclones, floods, droughts, fires, changes in temperature and sea levels.	● Disaster resilience ● Disaster funding arrangements
3. Environmental protection and natural resource management	The effective protection of the environment, sustainable management of the state’s natural resources and the long- term competitiveness and economic potential of the economy.	● Water conservation and security ● Agricultural adaptation ● Biodiversity and ecosystems ● Waste management and resource recovery ● Protected areas and vegetation management ● The Great Barrier Reef ● New economy minerals ● Mine site rehabilitation and financial assurance
Social		
4. Investment in education and health services	Economic competitiveness and productivity supported by a healthy and productive population.	● Education access and quality ● New schools and upgrades ● Health sector capacity ● Wellbeing initiatives
5. Equitable access to opportunities and services	Economic performance and productivity of the workforce through improved diversity and inclusion.	● Human rights and equal opportunities ● Aboriginal and Torres Strait Islander (First Nations peoples) outcomes ● Social housing
6. Economic risk	Management of macroeconomic factors that could affect the state’s opportunities, both domestically and abroad.	● Economic diversification ● Queensland’s COVID-19 Economic Recovery Plan, including health and low-carbon sector investment ● Skills and labour force development
Governance		
7. Financial management	The financial capital and expertise to manage the state’s resources.	● Economic management ● Operating and fiscal balances ● Debt sustainability

Environment

Queensland has a range of natural capital assets, including an abundant supply of metal and mineral resources, renewable energy sources, productive agricultural land, clean secure water supplies, biological diversity, important ecosystems, and globally recognised protected areas including, World Heritage Areas.

The state has a strong track record of leveraging its natural capital to develop new industries, such as the liquefied natural gas (LNG) export supply chain, new economy minerals and bio-futures.

Queensland's native plants (flora) and animals (fauna) are unique and valuable elements of the state's rich biodiversity. Conserving native biodiversity in Queensland not only ensures its protection for future generations, but helps maintain healthy ecosystems, clean water and clean air. Protecting Queensland's natural environment in a way that complements economic development is a priority for the Queensland Government.

Focus area 1: Climate action

Climate change is driving a global economic transformation towards zero net greenhouse gas emissions, which presents both opportunities and challenges for Queensland's economy. Queensland's policy response to the global trend is focused on building on its competitive advantages, while also ensuring the long-term sustainability and viability of communities and industries.

The government continues to evaluate the fiscal and social impacts and opportunities that will emerge as a result of shaping a low carbon, sustainable economy.

Queensland's exposure to carbon intensive industries and associated (scope 3)[2] emissions could have negative impacts on growth, employment, exports and tax royalty revenue. However, there is an opportunity to build on Queensland's natural advantages including some of the National Energy Market's highest quality wind and solar resources, new economy minerals used for renewables and other technologies, low and zero emission fuels and natural capital for environmental markets.

Queensland's climate change initiatives and actions are being implemented through the *Queensland Climate Action Plan 2030*.

Queensland Climate Action Plan 2030

In July 2021, the Queensland Government released online its *Climate Action Plan 2030*, outlining the state's investments and actions to reach its emissions reduction and renewables targets, create jobs and drive economic recovery from COVID-19.

The *Climate Action Plan 2030* builds on work-to-date, including two foundational strategies released in 2017 – T*he Queensland Climate Transition Strategy* (QCTS) and *The Queensland Climate Adaptation Strategy* (QCAS). The QCTS made a commitment to renewable energy and emission reduction targets (scope 1 and 2 emissions). The QCAS outlines how Queensland will prepare for current and future impacts of a changing climate that reduces risk and increases resilience.

The Queensland Government has set targets for reducing emissions while creating jobs:

- 50%[3] renewable energy target by 2030
- 30% emissions reduction below 2005 levels by 2030
- Zero net emissions by 2050.

The *Climate Action Plan 2030* will be driven by investment in energy, resources, manufacturing, transport, land and agriculture, tourism and climate-resilient infrastructure.

The Queensland Government's commitment to support renewable investment and achieve its renewable energy target is key to supporting its emissions reduction targets. Queensland has made progress toward meeting its renewable energy target and Queensland's 2019 emissions were 14 per cent below 2005 levels, which is approximately 50 per cent towards the state's 2030 emissions reduction target.

---

[2] Scope 1 greenhouse gas emissions are the emissions released to the atmosphere as a direct result of an activity; Scope 2 greenhouse gas emissions are the emissions released to the atmosphere from the indirect consumption of an energy commodity; and Scope 3 emissions are indirect greenhouse gas emissions, other than scope 2 emissions, that are generated in the wider global economy because of activities undertaken within Queensland.

[3] For the purposes of measuring performance against this target, the Queensland Government currently reports a measure of renewable energy generation in Queensland as a proportion of electricity consumption within Queensland (excluding exports) i.e. An estimate of the proportion of electricity consumed in Queensland that is generated from renewable sources.

The QCAS, included as part of the *Queensland Climate Action Plan 2030*, is focussed on helping Queensland prepare and adapt to climate change through understanding its impacts, managing the risks, and harnessing the opportunities.

It sets out four pathways:

1. People and knowledge: Empower best practice to support risk management.
2. State Government: Embed the consideration of climate change into policies, regulations and procedures, and to address risks to assets and services.
3. Local Governments and regions: Partner to embed climate risk into planning and development decisions.
4. Sectors and systems: Support collaboration to identify adaptation needs and prioritise adaptation activities, including sector specific adaptation plans.

Acknowledgment of exposure to carbon intensive industries

The Queensland Government acknowledges the state's current economic and environmental exposure to carbon intensive industries and their associated (scope 3) emissions:

- Metallurgical coal – The majority of Queensland's coal exports (around 70 per cent of the volume for FY2019–20, and 85 per cent of the value) is metallurgical coal, which is expected to remain the industry standard in steel production for some time despite its contribution to global emissions. Queensland is a large seaborne exporter of metallurgical coal and, based on analysis conducted by the International Energy Agency, the Queensland Government considers this market to remain relatively stable for at least the medium-term[4].
- Thermal coal – Used for electricity generation, thermal coal has traditionally been significantly less important for exports making up around seven per cent of total Queensland merchandise exports, which is 15 per cent of coal exports value, in the FY2019–20. Domestically, it currently accounts for approximately 68 per cent of Queensland's total electricity generation, which is expected to decline as further progress is made towards Queensland's renewable energy target (refer Appendix A: Metric 4).
- LNG – Queensland's LNG industry has grown in recent years and plays a role in supporting the global and domestic uptake of renewables.

The global trend towards zero net emissions has been evident for some time now and the shift away from fossil fuels is expected to continue in the coming decades. Key factors will also likely offset any long-term risk to revenue posed by the move away from fossil fuels. For example, under current arrangements, a decrease in royalty revenue will likely be offset over time by an increase in Goods and Services Tax (GST) revenue distributed by the Australian Government.

The Queensland Government considers the most significant factors impacting the future demand for both metallurgical and thermal coal to be future demand from key economies in North-East and South-East Asia. However, Queensland has a diverse economy, where no single sector makes up more than 12 per cent of economic output. It also has a diverse revenue base that is not overly reliant on any single stream. For example, total coal export royalty revenue accounted for 6.1 per cent of General Government revenue in FY2019–20, with thermal coal contributing a small component of this.

Queensland's pathway to a low carbon economy

The Queensland Government is committed to playing its part in the global efforts to take action on climate change. Along with other states and territories, it has independently signed the international *Under2 Memorandum of Understanding* as part of a coalition of subnational governments committed to achieve zero net emissions by 2050. Queensland is investing in, and supporting the development of, renewable energy generation and has some of the National Energy Market's highest quality wind and solar resources.

Queensland continues to build on its strong track record of leveraging its natural capital to grow the economy and develop new industries and job opportunities.

Renewable energy is key to Queensland achieving its emissions targets. Therefore, the Queensland Government is investing in renewable energy projects, supporting infrastructure and facilitating the growth of

---

[4] This study was prepared on the basis of information available at the time of release of the 2019 World Energy Outlook. While the analysis does not include more recent developments, particularly the COVID-19 outbreak and developments in the trade relationship between China and Australia, their impacts are expected to be relatively short-lived compared with the underlying drivers of the long-term outlook (up to 2040) described in this report.

private investment. This will continue to support a competitive, clean energy supply for Queensland industries, businesses, and households. The Queensland Government's initiatives include:

- The establishment of CleanCo, with approximately 1,100MW of low-emission generation assets and a mandate to support 1,000MW of new renewable energy generation capacity in Queensland by 2025 and deliver the Queensland Government's Renewables 400 reverse auction.
- A $2 billion Queensland Renewable Energy and Hydrogen Jobs Fund (formerly the Queensland Renewable Energy Fund), for energy government-owned corporations to increase investment in commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector.
- 48 large scale renewable energy projects as at October 2021 (operating, under construction or financially committed). This represents approximately $11 billion of investment and around 7,600 construction jobs. Combined with rooftop solar, Queensland has approximately 6,900MW of renewable energy capacity.
- A $145 million commitment to establish three renewable energy zones across Queensland, which aim to bring together coordinated investment in transmission and generation infrastructure with industrial demand in a way that benefits the economy and communities.
- Delivering a Queensland Hydrogen Industry Strategy and committing more than $60 million to support hydrogen projects and training facilities.

Queensland's resources sector is also increasingly focused on facilitating exploration and development of minerals such as cobalt, copper, zinc and vanadium that are in high demand from the renewable energy and technology sectors. Queensland is focused on developing a renewables export industry and is developing Queensland's hydrogen industry.

The government also sees biotechnology and bioproducts as key to meeting its emissions targets and aims to establish a $1 billion sustainable and export-oriented sector. The government has a range of other initiatives supporting its targets, including: The Land Restoration Fund and Carbon Reduction Investment Fund for carbon farming; waste management and resource recovery; and the electric vehicle super-highway.

This ongoing public and private investment in new and emerging industries across Queensland's regions aims to generate regionally based renewable energy and jobs and more industrial zones, hydrogen hubs and manufacturing jobs. With a skilled workforce, strong vocational education and training systems and leading university and research institutions, Queensland is building on these strengths to provide more quality job opportunities for Queenslanders.

Focus area 2: Exposure to environmental externalities and vulnerability to natural disasters

Queensland is experienced in effectively managing the impact of extreme weather events, such as storms, cyclones, floods, droughts, and fires. This institutional experience prepares Queensland for managing the physical risks related to climate change.

The government administers a range of policies aimed at both natural disaster response and adaptation. The *Queensland Strategy for Disaster Resilience* provides an overarching framework to enable Queenslanders to anticipate, respond and adapt to disasters. The Queensland Reconstruction Authority (QRA) was established to manage and coordinate the Queensland Government's program of infrastructure renewal and recovery within disaster-affected communities. The government also maintains environmental monitoring of land surfaces, air and water quality, as well as coastal storm waves and tides during cyclones and floods to inform management authorities and the public.

As part of embedding the consideration of climate adaptation and addressing risks, the government has a range of other initiatives including the Queensland Climate Ready program to deliver a consistent whole-of-government approach to climate risk management and supporting local councils to manage their climate risk through the Queensland Climate Resilient Councils and QCoast2100 programs.

Focus area 3: Environmental protection and natural resource management

The government has an important role in managing the state's natural resources and capital, supporting Queensland's long-term competitiveness and economic potential.

A significant proportion of Queensland's land is used for agriculture and the government has been proactive in setting policies to support the sector to be more sustainable and adapt to the impacts of climate change. Queensland also has a number of policies and programs to protect its natural capital including its unique biodiversity and ecosystems, threatened species, and conserving its natural habitat, with more than 1,000 national parks and other protected areas. These natural assets are important contributors to the tourism industry and local economies. Queensland also has rich cultural values and priority actions include partnering with First Nations peoples to deliver the best Care for Country through traditional knowledge and expertise, and introducing new co-stewardship arrangements. The government is committed to supporting the utilisation of new economy minerals (e.g. cobalt, copper, zinc and vanadium) – highly in demand from the renewable energy and technology sectors – and the development of processing and downstream manufacturing industries. The government has strict environmental assessment standards for new mines and stringent mine site rehabilitation policies for improving environmental outcomes and minimising financial risk for the state.

Policy responses to environmental focus areas

Table 3 summarises a selection of Queensland Government policies that support managing the identified environmental focus areas.

Table 3: Policy responses to environmental ESG focus areas

Policy response	Strategies and goals	Outcomes
1. Climate action		
Queensland Climate Action Plan 2030	The *Queensland Climate Action Plan 2030* outlines the State's investments and actions to reach its emissions and renewables targets, create jobs and drive economic recovery from COVID-19. The Queensland Government has set targets for reducing emissions: ● 50%[5] renewable energy target by 2030 ● 30% emissions reduction below 2005 levels by 2030 ● Zero net emissions by 2050. The Queensland Government expects net emissions to trend lower over time as the energy sector continues to decarbonise. It is also taking steps to ensure Queensland becomes more climate resilient and manages the risks associated with a changing climate through the *Queensland Climate Adaptation Strategy* framework. Seven adaptation plans have been developed to prioritise climate change adaption activities across key industry and community sectors.	Climate policy outcomes: ● Approx. 20% proportion of electricity consumption within Queensland is renewable, excluding exports (2020-21)[5]. ● 15.9% renewable energy output, as percentage of total energy output (2020). ● Emissions reduction of 14% below 2005 levels (2019), which is approx. 50% towards the state's 2030 emissions reduction target. ● 164.5M tonnes net CO_2-e emissions (2019). ● 32 tonnes net CO_2-e per capita (2019). *See Appendix A: ESG data disclosures: Metrics 1, 3, 4 and 5.*
50%[5] renewable energy target by 2030	Queensland has an integrated strategy designed to deliver a long-term, secure energy supply, and a cleaner energy sector with stable energy prices. Key measures include: ● CleanCo, Queensland's publicly owned clean energy company with a target to support 1,400MW of new renewable generation by 2025. Its current portfolio of low-emission assets (e.g. conventional hydrogen, pumped storage hydrogen and combined cycle gas) has a generation capacity of 1,100 MW. $250M funding over two years committed in the 2019–20 Queensland Budget. ● Funding of $2B for the Queensland Renewable Energy and Hydrogen Jobs Fund (formerly the $500M Queensland Renewable Energy Fund), for energy Government owned corporations to increase investment in commercial renewable energy and hydrogen	Renewable energy outcomes: ● Approx. 20% proportion of electricity consumption within Queensland is renewable, excluding exports (2020–21)5. ● 48 large scale renewable energy projects operational, financially committed or are under construction, representing around $11B of investment. ● Approx. 6,900MW of renewable energy capacity (as at October 2021), and significant growth in small scale solar (approx. 70,000 systems / 600MW of output installed in FY 2020–21). ● CleanCo established with a mandate to support 1,000MW of new renewable energy generation capacity in Queensland by 2025 and deliver the Queensland Government's Renewables 400 reverse auction. CleanCo is well progressed to meet its mandate, including

5 For the purposes of measuring performance against this target, the Queensland Government currently reports a measure of renewable energy generation in Queensland as a proportion of electricity consumption within Queensland (excluding exports). i.e. An estimate of the proportion of electricity consumed in Queensland that is generated from renewable sources.

Policy response	Strategies and goals	Outcomes
	projects as well as supporting infrastructure, including in partnership with the private sector. ● $145M commitment to establish three Queensland Renewable Energy Zones (QREZ) (northern, central and southern). In these zones, the Government will undertake strategic network investments, streamline the development of new renewable energy projects and work to match industrial energy demand with low cost, clean, renewable energy.	the Karara Wind Farm which CleanCo will build, own and operate, and purchase agreements for the Western Downs Green Power Hub (solar), Kaban Green Power Hub (wind), Dulacca Renewable Energy Project (wind) and Macintye Wind Farm. ● $1B of the Queensland Renewable Energy and Hydrogen Jobs Fund to be delivered between 2021–22 and 2024–25. ● Government-owned generators now own or support more than 2,000MW of renewable energy generation. ● First stage of developing the Northern QREZ announced with: – $40M for network upgrades to unlock up to 500MW of renewable energy potential in Far North Queensland – Neoen Australia's 157MW Kaban Green Power Hub wind farm, valued at ~$370M – $22M committed for detailed design and cost analysis for pumped hydrogen at Borumba Dam in the Southern QREZ, being undertaken by publicly-owned electricity transmission company Powerlink. The site has the potential to be the state's largest pumped hydrogen station, powering an estimated 1.5 million homes. ● $17M to establish a renewable energy training facility in Brisbane. *See Appendix A: ESG data disclosures: Metrics 3, 4, 5 and 6.*

Queensland Hydrogen Strategy and Biofutures Industry Development	The *Queensland Hydrogen Industry Strategy* aims to support a low-emissions economy and create growth opportunities for new export markets. Through the strategy more than $60M has been committed to support hydrogen projects and training facilities and private sector projects. The *Queensland Biofutures 10-Year Roadmap and Action Plan* aims to establish a $1B sustainable and export-oriented industrial biotechnology and bioproducts sector to help meet the state's emissions targets. The government is funding several initiatives including $19M across the: Biofutures Industry Development Fund, Biofutures Acceleration Program, Biofutures Commercialisation Program and Biofutures Queensland sectoral unit.	Hydrogen and biofuels outcomes: • Queensland Hydrogen Taskforce established to fast-track the planning, development, production, domestic use and export of hydrogen from Queensland. • CS Energy Limited (a government-owned generator) announced construction of a renewable hydrogen plant, following a successful feasibility study with IHI Corporation. • Partnership between Stanwell Limited (a government-owned generator) and Iwatani Corporation to progress planning for a renewable hydrogen facility. • Memorandum of Understandings signed for a 'hydrogen ecosystem' in Gladstone to progress opportunities in the region and for potential hydrogen facilities in Mackay and Townsville. • Construction commenced on Queensland's $20M Hydrogen Training Centre of Excellence. • Two biofuel mandates providing market certainty: – 4% of regular unleaded petrol sales to be ethanol – 0.5% of all diesel fuel sold be biobased.

Policy response	Strategies and goals	Outcomes
		See Appendix A: ESG data disclosures: Metrics 1, 3, 4, 5 and 6.
Electric Vehicle Strategy	The government's Electric Vehicle Strategy aims to increase the adoption of electric vehicles (EVs) to lower transport emissions.	Electric vehicle outcomes: ● Queensland's Electric Super Highway, the world's longest in a single state, spanning approx. 2000 kms: – 31 charging stations along Queensland's Electric Super Highway to support the uptake of EVs – as at 1 August 2021, use of Queensland's Electric Super Highway totalled 495,600kWh supporting 2,477,900 kms of zero emission travel – an additional 18 charging stations announced in regional areas, almost doubling span of the Queensland Electric Super Highway to 3,800kms. ● The government offers lower annual vehicle registration charges and stamp duty for electric vehicle owners. *See Appendix A: ESG data disclosures: Metrics 1,4, 5 and 6.*
Land Restoration Fund (Carbon farming)	This fund is expanding carbon farming in Queensland by supporting projects that deliver additional environmental, social, economic and First Nations peoples outcomes, known as co-benefits.	Land Restoration Fund outcomes: ● Approx. $90M committed to support 16 carbon farming projects in the 2020 investment round. ● A second investment round of $25M announced for 2021. *See Appendix A: ESG data disclosures: Metric 1.*
Carbon Reduction Investment Fund	The 2021–22 Queensland Budget announced the establishment of a $500M Carbon Reduction Investment Fund, with its returns intended to support the existing Land Restoration Fund (LRF) to leverage private finance and investment and support financially sustainable carbon markets.	*See Appendix A: ESG data disclosures: Metric 1.*
Sustainable finance	Queensland Treasury Corporation (QTC) issues green bonds on behalf of the government. The net proceeds are allocated against eligible projects and assets that support Queensland's pathway to climate resilience and environmentally sustainable economy. For more information see QTC's website. QTC reports on the Cash Fund's ESG profile, using the globally recognised ESG reporting provider MSCI.	Sustainable finance outcomes: ● Approx. $7B outstanding across four green bond lines, making QTC a large, active semi-government issuer (as at 30 Sep 2021). ● Eligible project pool of approx. $16.8B (as at 30 June 2021).

Reducing emissions from government operations	A number of initiatives including: • Advancing Clean Energy Schools (ACES): $97M over three years to reduce energy costs through solar PV and energy efficiency measures.	Government emissions reduction outcomes: • Approx. 32,000 solar panels on Queensland state schools, capable of generating 11 megawatts of power. • Achieved targets with 112 EVs in the Government fleet as at 2021, including five hydrogen fuel cell electric vehicles.

Policy response	Strategies and goals	Outcomes
	• Cooler Cleaner Schools program: $71M for the to install solar PV systems on Queensland state schools. • The *QFleet Electric Vehicle Strategy*: The government's commitment to at least double the number of electric vehicles (EVs) in the government fleet annually from 2018–2022. • The Queensland Police Service Electricity Optimisation Project: This initiative has resulted in new solar systems as well as more energy efficient lighting and air-conditioning. • The CarbonPlus Fund: A $8.4M investment to offset Government vehicle fleet emissions and to support Aboriginal and Torres Strait Islanders carbon farming projects. • Commitment to establish an office of Hospital Sustainability within the Department of Health. The office will be directly responsible for implementing the $30M Emissions Reduction Program as well as investment in green and sustainable infrastructure.	• As at 30 June 2019, installed 1.7MW of solar systems at 45 police stations across Queensland. • Since 2019, more than one megawatt of solar and 32 kilowatt hours of battery storage have been installed across remote Aboriginal and Torres Strait Islander communities in north Queensland to reduce the use of diesel power. *See Appendix A: ESG data disclosures: Metrics 1, 2, 3, 4, 5 and 6.*
2. Exposure to environmental externalities and vulnerabilities to natural disasters		
Queensland Reconstruction Authority	The Queensland Reconstruction Authority: • Manages and coordinates the Queensland Government's program of infrastructure renewal and recovery within disaster-affected communities. • Administers the *Queensland Strategy for Disaster Resilience* which provides an overarching framework to empower Queenslanders to anticipate, respond and adapt to disasters. • Administers the Disaster Recovery Funding Arrangements (DRFA) – a jointly funded Australian-state scheme which provides financial support to assist in the recovery of individuals, communities, local governments and state agencies impacted by an eligible disaster. • Administers the state Disaster Relief Arrangements, a Queensland Government funded arrangement covering a wider range of events than the DRFA to assist Queensland communities where personal hardship exists following a disaster event.	Disaster recovery and reconstruction outcomes: • Disaster recovery and reconstruction programs with an estimated value of $2.15B, from 23 disaster events in 2019–20 and 12 in 2018–19. • $100M Betterment Fund established in 2019, in joint-partnership with the Australian Government, allowing local governments to rebuild essential public assets to a more resilient standard that helps them withstand the impacts of future disasters.

Queensland Resilience and Risk Reduction Fund (QRRRF)	Provides $65M over the five years from 2020 to support initiatives to deliver mitigation and resilience projects.	Fund disbursement outcomes: • 18 QRRRF Queensland funded projects / approx. $3.5M (2019–20). • 48 additional QRRRF jointly funded projects / approx. $9.5M.
QCoast2100	An initiative to assist local government councils to prepare plans and strategies for addressing the impact of climate change, with $15M funding committed up to 2023–24.	Costal management outcomes: • Local government action plans to manage coastal hazards.

Policy response	Strategies and goals	Outcomes
3. Environment protection and natural resource management		
Water conservation and security	Investment to ensure future water security through a program of initiatives in recycling, desalination, and large-scale interconnection of the pipeline networks across South-East Queensland following the 1996–2010 drought. Queensland's *Water Act 2000* prescribes a framework to provide long-term water security for South East Queensland.	Water conservation and security outcomes: • South East Queensland's water security (serving the majority of the state's population) is rated as medium-high, demonstrating the strength of the network. • The Queensland Government engages with councils and water service providers to better understand the ability of current water supply systems to supply water for future growth in regional urban areas.
Agriculture Sector	The *Agriculture Sector Adaptation Plan* highlights current climate adaptation activities within the agriculture sector and considers gaps and barriers to sound climate adaptation in the farming community. Advance Queensland and the *Queensland Agriculture and Food* Research, Development and Extension 10-Year Roadmap and Action *Plan* provides support for sectoral innovation and the development of agri-technology.	*See Appendix A: ESG data disclosures: Metric 11.*
Government's Drought and Climate Adaptation Program	Assists agricultural producers to better manage the impact of drought and climate change. Through the program, climate scientists, government and non-government agencies, producers and industry leaders are collaborating to help producers better manage the financial risks associated with climate change through improved forecasting, tools and other activities.	Drought and climate change adaptation outcomes: • 272 producers (representing a min. 209,000 head of cattle and 13,300 head of sheep) have altered their business operations.
Biodiversity and Ecosystems Climate Adaptation Plan	The *Biodiversity and Ecosystems Climate Adaptation Plan* aims to foster collaboration and strategic problem-solving, planning and on-ground action to minimise the negative impacts of climate change on Queensland's biodiversity and ecosystems.	*See Appendix A: ESG data disclosures: Metrics 7, 8, 9, 10 and 11.*
Environmental Protection (Air) Policy 2019	The *Environmental Protection (Air) Policy 2019* sets air quality objectives for the state. The policy sets the targets for particulate matter 2.5 and 10, particles which result from pollution, smoke, dust and haze and can negatively impact human health.	*See Appendix A: ESG data disclosures: Metric 2.*

Waste Management and Resource Recovery Strategy	Queensland's *Waste Management and Resource Recovery Strategy*, underpinned by a waste disposal levy, provides the strategic framework for Queensland to become a zero-waste society, where waste is avoided, reused and recycled to the greatest possible extent. Tackling plastic waste: Queensland's *Plastic Pollution Reduction Plan* sets the direction for Queensland to be part of the global solution to plastic pollution.	• $93.6M over four years and $24.2M annually provided in the 2021–22 Queensland Budget to continue the implementation of the Queensland Waste Management and Resource Recovery Strategy. • The supply of single-use plastic straws, stirrers, plates, bowls, cutlery and expanded polystyrene takeaway food containers and cups is banned in Queensland. The ban came into effect on 1 September 2021.

Policy response	Strategies and goals	Outcomes
Queensland Protected Areas Strategy 2020–2030	The government has set the overarching framework, strategic direction and actions to further enhance Queensland's protected areas and the natural habitats and ecosystems they support.	Protected areas outcomes: • $28 million allocated for expanding the public protected area estate over 2020–2024. • $24 million over 2021–2024 to expand the conservation of Queensland's ecosystems and cultural heritage carried out through the Queensland Indigenous Land and Sea Ranger program. *See Appendix A: ESG data disclosures: Metric 7, 8, 9, 10 and 11.*
Vegetation Management and Other Legislation Amendment Act 2018	These laws reinstated stronger vegetation management and protection as unsustainable rates of tree-clearing were having a negative impact on the environment and the climate.	Vegetation management outcomes: • Ceasing broadscale clearing of remnant vegetation by removing provisions which allowed clearing for high value agriculture and irrigated high value agriculture. • Protecting an additional 862,506 hectares of 'high value regrowth', with trees older than 15 years-old now protected. • Providing consistent protection to regrowth vegetation in all Great Barrier Reef catchments.
Protecting and managing the Great Barrier Reef	The *Reef 2050 Long-Term Sustainability Plan* is the Australian and Queensland Government's overarching framework for protecting and managing the Great Barrier Reef. Under this plan the Queensland Government has introduced a number of commitments including the *Sustainable Ports Development Act 2015* to reduce the impacts of port development and the Q*ueensland Sustainable Fisheries Strategy 2017–2027*. It has also strengthened Reef protection regulations to improve Reef water quality and reduce the impact of vegetation clearing. It is also implementing the *Reef 2050 Water Quality Improvement Plan 2017–2022*, which identifies how the water quality outcome under the broader *Reef 2050 Long-Term Sustainability Plan* will be delivered.	Reef outcomes: • $270.1M, allocated over five years from 2017–18 to 2021–22 for the Reef 2050 Water Quality Improvement Plan. This is in addition to the $397M invested by the Australian Government. • The Reef Water Quality Report Card measures progress towards the Reef 2050 Water Quality Improvement Plan. It notes progress is on track to meet some targets in some locations, however more action is required (as at June 2019): – good progress for dissolved inorganic nitrogen, annual reduction of 4.3% across the Great Barrier Reef catchment – graziers and producers across catchments have taken action to improve their land management practices which is reducing soil and nutrients flowing into local waterways – overall marine condition remained poor in 2018–2019, due to a range of pressures including above-average sea temperatures, rainfall and extreme weather events.

New Economy Minerals	The Queensland Government is investing in exploration activities to improve the scientific understanding of geosciences data needed by industry to help locate and define deposits for future production. The government has issued a New economy minerals prospectus 2020, committing to developing the potential of the North West and North East Minerals Provinces.	New economy minerals policy outcomes: ● The prospectus, together with the Australian Government's *New Critical Minerals Prospectus 2020* and *Using Our Resource Strengths to Grow Manufacturing* initiative are key documents in setting out the value-proposition for overseas and domestic investors.

Policy response	Strategies and goals	Outcomes
	The prospectus supports Queensland's aspirations to become a major contributor in the extraction of new economy minerals and the development of processing and downstream manufacturing industries (such as cobalt, copper, zinc and vanadium that are in high demand from the renewable energy and technology sectors).	• The government has allocated more than $23M to facilitate the exploration and development of new economy minerals over the 5-year period from 2019 to 2024, through programs including the Strategic Resources Exploration Program and the Collaborative Exploration Initiative grants. • Partnership with the Sustainable Minerals Institute at the University of Queensland to develop sustainable methods for extracting rare earth elements.
Mine site rehabilitation	The government has undertaken an extensive review to improve the rehabilitation and financial assurance outcomes in the resources sector, including public consultation on a range of packages to improve the overall outcome for the state.	Mine site rehabilitation outcomes: • Inaugural Rehabilitation Commissioner appointed in 2021 under the Environmental Protection Act 1994. The Commissioner's role is an independent, statutory position to monitor, engage and advise on resource rehabilitation performance. • Risk and Prioritisation Framework for Abandoned Mine Management and Remediation. • Progressive rehabilitation and closure of mined land. • Financial Provisioning Scheme.

Social

Queensland has an educated, healthy, and skilled workforce, underpinned by the government's ongoing investment in education and health services, and other expenditure responsibilities – including social welfare and public order and safety. Queensland benefits from having a well-balanced, diversified economy and while the resources sector is an important component of our economy, it accounts for approximately 12 per cent of overall economic output.

Queensland's population was approximately 5.2 million people as at the end of December 2020, which is around 20 per cent of Australia's total population. Its reputation for lifestyle, geographic advantages and economic diversity attracts both skilled workers and investment to Queensland.

Focus area 4: Investment in education and health services

Queensland invests significantly in the health, education and social welfare of its citizens, which has cultivated a healthy, educated and productive workforce. For example, approximately 80 per cent of Queenslanders have completed further education, training or entered employment following secondary education. In addition, health outcomes for Queenslanders continue to improve, with life expectancy increasing.

The Government's COVID-19 response further demonstrated its commitment to the health and education of Queenslanders. Approximately $1.2 billion was committed to expand Queensland's health system to respond to the crisis. The government also provided targeted support to education and training providers, as well as training for jobseekers impacted by the COVID-19 pandemic.

Focus area 5: Equitable access to services and opportunities

The government is committed to policies which promote inclusion and diversity and in turn support labour force productivity. Focus areas include gender diversity, workforce participation, equitable outcomes, equitable access to health care and education and housing and opportunities for First Nations peoples (Aboriginal peoples and Torres Strait Islander peoples).

Since 1991, the Queensland Government has implemented legislation to protect against a comprehensive range of direct and indirect discrimination, on the basis of race and political beliefs through to gender identity. In 2019 it also introduced the *Human Rights Act* to provide statutory protection for human rights, as there is no Australian Act or Charter.

Focus area 6: Economic risks

The Queensland Government is investing to ensure that the economy continues to perform strongly. It recognises that a strong economic environment is fundamental to Queensland's prospects both domestically and abroad. The government's competent management of the COVID-19 crisis has underpinned a strong rebound in domestic activity and the strongest jobs growth in the nation. In September 2021, seasonally adjusted employment in Queensland was 97,700 persons above its pre-pandemic level in March 2020. The next strongest was Western Australia (up 49,400), while weakness in New South Wales (down 196,000) and Victoria (down 73,400) reflected the impact of Delta-variant lockdowns in those states. Queensland's seasonally adjusted unemployment rate was 4.9 per cent in September 2021, its lowest in well over a decade and only slightly above the Australian unemployment rate of 4.6 per cent.

The Queensland Government acknowledges that an ordered and timely pathway to zero net emissions is fundamental to mitigating Queensland's economic risks, particularly in respect to maintaining the state's attractiveness as an investment destination and status as a competitive international exporter. The Queensland Government is also working to create new jobs in emerging and growth industries like defence and aerospace, food processing, biomedical, advanced manufacturing, new economy minerals, and renewable energy, including hydrogen. These priorities are reflected in the government's *COVID-19 Unite and Recover: Queensland's Economic Recovery Plan.*

Queensland's COVID-19 Economic Recovery Plan

Queensland's COVID-19 Economic Recovery Plan – Budget update provides an effective response to the COVID-19 health and economic crises. The economic recovery plan includes more than $14.5 billion in support measures for the health crisis response and economic recovery supported by increased borrowings. These measures provide essential support for service delivery as well as continued resources for COVID-19 support and recovery.

Globally, there is strong correlation between good health outcomes and good economic outcomes. Queensland's effective health response underpins the current economic recovery. The capacity and resilience of the health system is the key to maintaining Queensland's strong economic performance into the future. By safeguarding the health of Queenslanders and limiting the spread of COVID-19, the government was able to ease emergency health restrictions earlier than expected, and Queensland's domestic economy has recovered more rapidly than most other economies across the world.

In the context of the crisis and the need for ongoing economic recovery, the government has responded to ensure Queenslanders have the skills they need to find meaningful jobs and establish pathways for the future, including in low-carbon industries.

A key element of the plan is the new $3.34 billion Queensland Jobs Fund, which brings together the government's key investment attraction and industry development programs. It includes the $2 billion Queensland Renewable Energy and Hydrogen Jobs Fund for energy government-owned corporations to increase investment in commercial renewable energy and hydrogen projects, along with supporting infrastructure, including in partnership with the private sector. The government is also investing $145 million to develop Renewable Energy Zones across Queensland. In these zones, the government will undertake strategic network investments, streamline the development of new renewable energy projects, and work to match industrial energy demand with cost-effective, clean renewable energy.

Policy responses to social focus areas

Table 4 summarises a selection of Queensland Government policies that support managing the identified social focus areas.

Table 4: Policy responses to Social ESG focus areas

Policy response	Strategy and goals	Outcomes
4. Investment in education and health services		
Access to appropriate and relevant modes of learning	The Queensland Government is committed to education, providing: • $18,754 in recurrent expenditure per student in government funded schools (2021). • Approx. $290M (2021) allocated to state schools to support school improvement initiatives under the Investing for Success (I4S) program. • 6,190 new teachers and 1,139 new teacher aides to be employed over the four years from 2020–21 to support learning outcomes across the state.	Education access outcomes: • As at 2021, 93.1% Year 7 children have achieved at or above the national minimum standard for reading. • Between March 2015 and March 2021, full-time equivalent: – teachers increased by 5,662 (or 13.45%) – teacher aides increased by 1,431 (or 15.35%). *See Appendix A: ESG data disclosures: Metrics 17 and 18.*
Advancing Education	Advancing Education: an action plan for education in Queensland aims to ensure: • The participation of vulnerable children in quality kindergarten programs rises to more than 95%. • The number of young people in education, training or employment after completing year 12 exceeds 90%.	Education outcomes: • 96.2% of Queensland children were enrolled in an early childhood education program in 2020. • Approx. 80% of Queenslanders complete further education, training or employment following secondary education (as of 2019). *See Appendix A: ESG data disclosures: Metrics 17, 18 and 19.*
New schools and upgrades	The Queensland Government has committed: • Approx. $1B over four years in the 2020–21 Queensland Budget for new classrooms and facilities at existing schools to meet growing enrolments under the 'Great schools, great future' initiative. • Increased funding of around $1.4B in the 2021–22 Queensland Budget for new schools to open in 2023 and 2024 and additional and renewed infrastructure in existing state schools. • $2.6B Building Future Schools Fund to deliver new schools in growth areas across the state, invest in existing school assets, and make strategic land acquisitions.	*See Appendix A: ESG data disclosures: Metric 17.*

Health funding in the 2020-21 Queensland Budget	$20.9B operating expenses allocated in the Queensland Budget for 2021–22, in addition to more than $1.35B for essential health infrastructure projects across the state, $2B for the Building Better Hospitals commitment to enhance capacity at three public hospitals in South East Queensland, and $265M to build seven satellite hospitals to enable our acute hospitals to safely manage patients via alternative models of care.	Health outcomes: • Additional 5,800 nurses, 1,500 doctors and 1,700 allied health professionals through to September 2024. *See Appendix A: ESG data disclosures: Metrics 20, 21, 22, 23 and 24.*

Policy response	Strategy and goals	Outcomes
Health and wellbeing initiatives	Key initiatives include: ● *My health, Queensland's future: Advancing health 2026* – a 10-year vision to reduce the rate of suicide and obesity. ● *Prevention Strategic Framework 2017–2026* – a pathway for reducing chronic diseases and improving health for all Queenslanders. ● Obesity Prevention Programs – resources to build capacity in making healthy choices. ● Health and Wellbeing Queensland – established in 2019 to work in partnership with others to improve health and wellbeing and reduce health inequities. ● *The Human Health and Wellbeing Climate Change Adaptation Plan* highlights current climate adaptation activities within healthcare, aged care and early childhood education and care services.	Health and wellbeing outcomes: ● 2.8 percentage point reduction in the number of children who are overweight or obese (2011–12 to 2017–18). ● In 2020, 68% of children and 53% of adults were reported to have met daily recommendations for servings of fruit, and 46% of children and 59% of adults met recommendations for physical activity. *See Appendix A: ESG data disclosures: Metrics 21, 22 and 24.*
5. Equitable access to opportunities and services		
Legislation and policies to support human rights and equal opportunities	Legislation and initiatives include: ● *Human Rights Act 2019* ● *Anti-Discrimination Act 1991* ● *Public Employment Act 1992* ● *Right to Information Act 2009* ● *Modern Slavery Act 2018 (Australian Government)* ● *Queensland Public Sector Gender Equity Strategy*	Human rights and equal opportunities outcomes: ● Human Rights Commissioner role established 2019. ● Labour force participation rate of 62.0% for females compared to 70.7% for males for those aged 15 and over in September 2021 quarter. ● Percentage of women appointed to Queensland Government Boards during 2020–21: 53%. *See Appendix A: ESG data disclosures: Metrics 15 and 16.*
National Agreement on Closing the Gap	Queensland is a signatory to the new *National Agreement on Closing the Gap* which aims to overcome the inequality experienced by First Nations peoples and achieve life outcomes equal to all Australians. At the Centre of the National Agreement are four priority reforms: ● Strengthen and establish formal partnerships and decision-making. ● Build the First Nations communities-controlled sector. ● Transform government organisations so that they work better for First Nations peoples. ● Improve and share access to data and information.	Overview of outcomes: ● First Nations employment rate of approx. 49% compared to approx. 75% for non-Indigenous Australians (2018). ● The government continues to negotiate native title land and water agreements, to recognise rights based on traditional laws and customs. ● The *Queensland Indigenous Procurement Policy,* aims to increase the capacity and capability of First Nations Peoples' businesses. ● More than $317M to improve housing outcomes for First Nations peoples in Queensland, including $212.4M to improve social rental housing and deliver services in discrete communities, and $45.3M to improve state-owned and managed housing across Queensland provided for in the 2021–22 Queensland Budget. *See Appendix A: ESG data disclosures: Metrics 23, 24, 25 and 26*

Policy response	Strategy and goals	Outcomes
Social housing	$1.9B supporting *The Queensland Housing Strategy 2021–2025* which is a four-year framework driving key reforms and targeted investment across the housing continuum. The 2021–22 Queensland Budget provided additional funding of $314.9M over four years supporting the $1.908B *Housing and Homelessness Action Plan 2021–25*. This includes $1.813B over four years to increase supply and upgrade the existing social housing property portfolio, including $502.6M in capital works and capital grants in 2021–22. The Queensland Government has established the $1B *Housing Investment Fund*, a long-term fund with returns used to drive new supply to support current and future housing needs across the state.	Social housing outcomes: • Contracts awarded for 1,528 new social homes and 287 affordable homes as at October 2019. • Delivered new protections for consumers through changes to legislation and funded new information and advisory services. • 2020–21 Queensland Budget provisions include $526M to construct new dwellings, upgrade existing properties, and provide housing services including in First Nations communities.
6. Economic risk		
Investment in research and development (R&D)	The Queensland Government makes substantial investments in R&D each year across all of its economic, environmental and social responsibilities, and also contributes to uplifting the R&D capability of the state's universities. It has also partnered with national science agency CSIRO on emerging economic and technological trends to assist with knowledge-intensive economic diversification.	R&D outcomes: • Approx. $380M spent on R&D by Queensland Government departments in 2019–20, including Queensland Health $126M and the Department of Agriculture and Fisheries $96M. • The $25M Research Infrastructure Co-investment Fund to be administered over 2019–2023, to support Queensland universities continue to attract new nationally significant research infrastructure. *See Appendix A: ESG data disclosures: Metrics 12 and 13*
Advance Queensland Initiative	To build our competitive strengths, diversify our economy and create the knowledge-based jobs of the future, Advance Queensland is driving innovation-led economic growth through increased collaboration between government, industry and research organisations.	Advance Queensland outcomes: • More than $1B committed ($755M Qld Govt / $670M program partners). • 16,400 jobs supported. • 60% of funding participants / 45% of jobs supported in regions.
Queensland Economic Recovery Plan – Budget Update	The Queensland Government's Economic Recovery Plan has provided a decisive and effective response to the COVID-19 health and economic crisis. To date, the Queensland Government has responded to the pandemic with more than $14.5 billion of initiatives, supporting Queenslanders right across the state, driving economic recovery and creating jobs. The 2021–22 Queensland Budget also includes a $52.216 billion capital program over four years. The $14.688 billion capital program in 2021–22 will directly support around 46,500 jobs during the construction phase and support many more ongoing jobs through increased economic activity and connectivity.	Economic indicators: • Labour force participation rate 66.2% (those aged 15 and over September quarter 2021). • Unemployment rate 5.1% (September quarter 2021). • Youth unemployment rate 13.6% (15–24 years, 2020-21). • Employment up by 90,000 in October 2021 relative to March 2020 (pre-COVID) *See Appendix A: ESG data disclosures: Metric 14, Metric 25, Metric 27.*

Policy response	Strategy and goals	Outcomes
Skills for Queensland	In the context of the COVID-19 crisis and the need for ongoing economic recovery, the government is responding to ensure Queenslanders have the skills they need to find meaningful jobs and set up pathways for the future. In 2019–20 the Queensland Government invested $978M in skills and training, including a $100.5M matching investment for no or low fee vocational education and training for jobseekers, school leavers and young people. The 2021–22 Queensland Budget outlines additional funding for key initiatives, including: ● Skilling Queenslanders for Work – $320M over four years to extend the program. The program will assist up to 15,000 disadvantaged Queenslanders each year. ● Back to Work program – up to $140M in additional funding over four years for a revitalised program to provide eligible businesses the confidence to employ workers experiencing a period of unemployment and help those facing disadvantage in the labour market.	Skills for Queensland outcomes: ● More than 43,000 enrolled in training courses under the joint State and Australian Government JobTrainer programs (as at 30 June 2021). *See Appendix A: ESG data disclosures: Metrics 14, 25 and 27.*

Governance

Queensland's resilience and economic strength is underpinned by a history of stable political and financial governance. Like all Australian states and territories, and the Australian Government, Queensland is a representative democracy. Queensland's sound governance will continue to provide support as it works to mitigate ESG issues and secure opportunities.

Focus area 7: Financial management

The State's financial management is a recognised strength and ongoing budget sustainability is central for the government to deliver its economic plan. The State operates a transparent budget process.

Queensland entered the COVID-19 crisis in a strong financial position, with the six prior budgets achieving operating surpluses. Future projected deficits reflect the government's response to COVID-19, including more than $14.5 billion in support measures for the health crisis response and economic recovery, supported by increased borrowings.

The government developed a new Charter of Fiscal Responsibility to inform the 2021–22 Queensland Budget strategy. This charter includes renewed Fiscal Principles to support the government's strategy to drive recovery, address fiscal repair and restore the state's fiscal buffers.

The renewed fiscal principles provide objective measures that support the government's post-COVID fiscal repair strategy, including a return to operating surplus. The principles will ensure that debt remains sustainable, expenses do not grow faster than revenues and capital is funded by surplus operating cash. Queensland will maintain its highly competitive tax environment and this government's long-standing commitment to fully fund liabilities such as superannuation will continue.

As part of its measured and responsible plan to address the state's debt, initiatives such as the Savings and Debt Plan and Queensland Future Fund Debt – Retirement Fund have been introduced. The Savings and Debt Plan targets savings of $3 billion over four years to 2023–24. Savings of $750 million in 2020–21 have been achieved. The Queensland Future Fund (QFF) – Debt Retirement Fund (DRF) has been established with the sole purpose of debt reduction and to hold investments for future growth to be used to offset state debt and support Queensland's credit rating.

In the current environment of low interest rates, the government is actively refinancing its maturing higher-cost of debt and extending its debt duration to reduce refinancing and interest rate risk.

Prioritising economic recovery, along with targeted expenditure and capital prioritisation, will position Queensland well for fiscal repair and, the long-term outlook is that, once the budget returns to surplus, fiscal buffers will be restored and debt burden reduced.

Policy responses to governance focus areas

Table 5 summarises a selection of Queensland Government policies that support managing the identified governance focus areas.

Table 5: Policy responses to governance ESG focus areas

Policy response	Strategy and goals	Outcomes
7. Financial management		
Economic management	A diverse mix of domestically and externally focused sectors and floating currency means that the economy is well-placed to perform across all points throughout the business cycle.	Economic management outcomes: ● Queensland GSP rose by 2.0% in 2020–21. ● As at the 2021–22 Queensland Budget in June 2021, GSP growth was projected to return to its longer-run growth potential of around 2¾% per annum from 2021- 22 and across the later years of the forward estimates. *See Appendix A: ESG data disclosures: Metric 28.*
Operating and fiscal balances	The government is maintaining its focus on delivering its infrastructure investment program, supporting economic growth across Queensland, enhancing frontline services. Operating and fiscal deficits are expected due the impact of COVID-19.	Operating and fiscal balance outcomes: ● Forecasts provided in the *2021–22 Queensland Budget*. *See Appendix A: ESG data disclosures: Metric 29.*
Debt sustainability	General Government Sector interest expense as a proportion of revenue has declined over successive budgets with a smaller portion of state revenue required to service Queensland's debt. Initiatives to support debt management include the Queensland Future Fund – in 2020 the government passed legislation to establish the first of the Queensland Future Funds – which requires that amounts withdrawn from the fund can only be used for reducing debt. The Savings and Debt Plan – to deliver savings of $3B over four years to 2023–24 within government services by focusing on core business while sustaining effective frontline services.	Debt sustainability outcomes: ● General Government Sector interest expenses have fallen from a peak of $2.33B in 2014–15 to $1.57B in 2020–21. Queensland's interest expense is forecast to be around 2.8% of revenue in 2020–21. ● Savings of $750M in 2020–21 have been achieved through the Savings and Debt Plan. ● The government has achieved 47%, or $352.2M, of its savings target for 2020–21 through a range of measures. ● The balance of the Debt Retirement Fund as at 30 June 2021 was $7.7B. *See Appendix A: ESG data disclosures: Metrics 30.*

Appendix A: ESG datasets

Queensland has a detailed and evolving set of ESG datasets which investors can use to understand its risk profile. This appendix summarises the companion *Data Set and Data Dictionary,* compiled by the Queensland Government Statistician's Office and representing the latest available information at the time of release. Stakeholders should review the data dictionary for a full set of definitions and sources for the indicators referenced in this attachment.

Environmental ESG datasets

Metric 1: Net CO_2 emissions

Queensland's total and per capita greenhouse gas emissions and total carbon dioxide equivalents.

Table: Total Net CO_2-e emissions, Queensland

	2013	2014	2015	2016	2017	2018	2019
Gas Emissions (tonnes '000)							
Carbon Dioxide	114,380	109,796	113,412	112,365	115,846	122,517	113,950
Methane	44,194	43,409	42,861	42,783	43,081	45,971	43,878
Nitrous Oxide	4,731	4,801	4,632	4,537	4,570	4,485	4,608
Other	1,491	1,604	1,801	1,817	1,830	1,856	2,102
Total carbon dioxide equivalent (Net CO_2-e emissions)	164,796	159,609	162,707	161,502	165,327	174,828	164,538

Source: CO_2 – Australian Government, Department of Industry, Science, Energy and Resources, Australian Greenhouse Emissions Information System, National Greenhouse Gas Inventory – UNFCCC classifications; Population – Australian Bureau of Statistics, National, state and territory population, Dec quarter 2020.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary; Emissions are revised each year; Estimates are based on the IPCC classification system used to report Australia's greenhouse gas emission inventory under UNFCCC guidelines and to track Australia's progress towards its 2030 Paris target. Please see the National Inventory Report for further information.

Table: Total Net CO_2-e emissions per capita, Queensland

	2013	2014	2015	2016	2017	2018	2019
Population (persons)	4,685,439	4,747,263	4,804,933	4,883,821	4,963,072	5,050,651	5,136,765
Per Capita Emissions (tonnes per person)							
Carbon Dioxide	24.41	23.13	23.60	23.01	23.34	24.26	22.18
Total Carbon Dioxide equivalent (Net CO_2-e emissions)	35.17	33.62	33.86	33.07	33.31	34.61	32.03

Source: CO_2 – Australian Government, Department of Industry, Science, Energy and Resources, Australian Greenhouse Emissions Information System, National Greenhouse Gas Inventory – UNFCCC classifications; Population – Australian Bureau of Statistics, National, state and territory population, Dec quarter 2020.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary; Emissions are revised each year.

Metric 2: Particulate Matter (PM 2.5 and PM 10) air pollution

Queensland's total net emissions of particulate matter for both PM 2.5 and PM10.

Table: Net emissions of Particulate Matter, Queensland

	2013	2014	2015	2016	2017	2018	2019
tones'000							
PM 2.5	574	627	576	557	559	515	517
PM 10	325	360	348	347	319	273	278

Source: Australian Government, Department of Industry, Science, Energy and Resources, Australian Greenhouse Emissions Information System, National Greenhouse Gas Inventory – UNFCCC classifications.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 3: Renewable energy as a percentage of total energy consumed in Queensland

This metric measures the amount of renewable energy produced as a percentage of total energy consumed in Queensland, and relates to the Queensland Government's energy objectives. For the purposes of measuring performance against this target (50% renewable energy by 2030), the Queensland Government currently reports a measure of renewable energy generation in Queensland as a proportion of electricity consumption within Queensland (excluding exports).

Table: Renewable energy as a percentage of total energy consumed in Queensland

	2019–20	2020–21
Renewable energy as % of total energy consumed in Queensland	17.9%	20.2%

Source: Department of Energy and Public Works Annual Report 2020-21; Department of Natural Resources, Mines and Energy 2019-20 Annual Report.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. The government has not set annual targets for the 50% target by 2030. Output of renewable energy generation on an annual basis is a market outcome and can vary year-to-year depending on a range of factors including electricity demand, the rate of deployment of projects and climatic variations (for example, resulting in higher or lower solar/wind/water resource availability).

Metric 4: Electricity generation by fuel type (non-renewable and renewable), financial year

Queensland's total and by fuel type electricity generation for renewable and non-renewable fuels in a financial year.

Table: Electricity generation in Queensland, by fuel type, physical units

	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
GWh												
Non-renewable fuels:												
Black Coal	50,882.2	49,713.7	45,864.3	45,417.3	44,415.6	40,260.7	44,553.8	48,015.8	51,042.7	53,635.3	52,120.6	48,568.9
Natural gas	9,257.2	12,020.6	14,595.3	15,303.4	13,909.5	15,454.3	18,248.5	13,816.9	12,236.6	11,045.5	9,933.9	11,214.1
Oil Products	711.4	370.7	373.7	306.0	1,042.6	959.5	1,197.2	1,199.1	1,215.9	1,047.7	1,000.6	983.7
Other	691.8	1 025.9	1 038.7	15.7	54.2							
Total non-renewable	61,542.6	63,130.9	61,872.0	61,042.4	59,421.9	56,674.5	63,999.5	63,031.9	64,495.2	65,728.5	63,055.1	60,766.8
Renewable fuels:												
Bagasse, wood	1 472.1	1 466.5	823.7	1 005.6	1 117.8	1 403.0	1 550.3	1 656.3	1 291.8	1 252.9	1 157.9	1 029.8
Biogas	116.4	81.5	97.0	119.2	121.4	82.8	91.1	115.5	118.3	126.5	175.1	189.2
Wind	27.3	30.9	27.3	27.7	30.7	33.7	32.5	28.4	29.0	30.3	399.1	927.9
Hydro	820.2	572.8	965.6	723.2	684.1	820.9	649.1	491.7	672.2	646.1	1,057.3	634.6
Large-scale solar PV						4.0	5.9	7.3	34.1	171.5	1,491.7	3,334.5
Small-scale PV	50.8	121.3	400.6	760.3	1 310.2	1 460.6	1 788.0	2 055.9	2 335.9	2 760.9	3 330.2	4 120.2
Geothermal	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.2	0.5			

Total renewable	2 487.3	2 273.5	2 314.7	2 636.5	3 264.7	3 805.5	4 117.5	4 355.3	4 481.7	4 988.1	7 611.4	10 236.2
Renewable (% of Total)	3.9%	3.5%	3.6%	4.1%	5.2%	6.3%	6.0%	6.5%	6.5%	7.1%	10.8%	14.4%
Total	64,029.9	65,404.4	64,186.7	63,678.9	62,686.6	60,480.0	68,117.0	67,387.1	68,976.8	70,716.6	70,666.5	71,003.0

Source: Department of the Industry, Science, Energy and Resources, Australian Energy Update, 2021, Table O.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. This table provides total electricity generation in Queensland, by fuel type, and includes off-grid systems and generation by businesses and households for this own use. These figures are different to the metric used for reporting against Queensland's 50% renewable energy target by 2030 (Metric 3). The Queensland Government currently reports a measure of renewable energy generation in Queensland as a proportion of electricity consumption within Queensland (excluding exports). i.e. An estimate of the proportion of electricity consumed in Queensland that is generated from renewable sources.

Metric 5: Electricity generation by fuel type (non-renewable and renewable), calendar year

Queensland's total and by fuel type electricity generation for renewable and non-renewable fuels in a calendar year.

Table: Electricity generation in Queensland, by fuel type, physical units

	2015	2016	2017	2018	2019	2020
GWh						
Non-renewables fuels:						
Black Coal	46,368.5	49,884.2	52,444.3	52,946.8	50,114.1	47,083.9
Natural Gas	15,770.3	12,532.9	11,661.4	10,416.2	10,564.1	11,531.3
Oil Products	1,080.3	1,172.0	1,164.2	1,024.1	1,000.8	985.0
Total non-renewable	63,219.1	63,589.1	65,269.8	64,387.1	61,679.0	59,600.2
Renewable fuels:						
Biomass	1 639.6	1 540.8	1 422.2	1 378.7	1 269.4	1 218.2
Wind	30.8	26.6	28.5	140.6	624.5	1 364.5
Hydro	506.9	543.5	662.1	825.2	1,067.7	650.8
Large-scale solar PV	8.0	17.1	85.8	818.6	2,733.4	3,396.0
Small-scale solar PV	1 922.7	2 177.4	2,525.5	3,024.1	3,692.5	4,607.3
Geothermal	0.4	0.4	0.3			
Total renewable	4,108.4	4,305.8	4,724.4	6,187.1	9,387.4	11,236.7
Renewable (%of Total)	6.1%	6.3%	6.7%	8.8%	13.2%	15.9%
Total	67,327.5	67,894.9	69,994.2	70,574.2	71,066.5	70,836.9

Source: Department of the Industry, Science, Energy and Resources, Australian Energy Update, 2021, Table O..
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. This table provides total electricity generation in Queensland, by fuel type, and includes off-grid systems and generation by businesses and households for their own use. These figures are different to the metric used for reporting against Queensland's 50% renewable energy target by 2030 (Metric 3). The Queensland Government currently reports a measure of renewable energy generation in Queensland as a proportion of electricity consumption within Queensland (excluding exports). i.e. An estimate of the proportion of electricity consumed in Queensland that is generated from renewable sources.

Metric 6: Primary energy consumption by fuel type, Gross State Product (GSP), population and energy intensity

Queensland's total energy consumption and renewables on a per capita and percentage basis, energy intensity and productivity.

Table: Primary energy consumption by fuel type, Queensland

	2008–09	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Coal (PJ)	629	548	497	482	473	443	485	518	544	571	554	524
Oil (PJ)	470	467	483	505	514	530	554	541	563	580	565	536
Gas (PJ)	188	196	191	246	240	256	293	295	308	301	293	312
Renewables (PJ)	77	107	99	100	114	110	123	120	130	121	124	127
Statistical Discrepancy	-18	-23	-20	-17	-7	-3	-22	-13	-15	-24	-20	-22
Total (PJ)	1,346	1,294	1,250	1,315	1,334	1,336	1,433	1,462	1,529	1,547	1,516	1,477
Population (Millions)	4.33	4.40	4.48	4.57	4.65	4.72	4.78	4.85	4.93	5.01	5.09	5.18
Renewables on a per capita basis (GJ/person)	17.9	24.4	22.1	21.8	24.6	23.2	25.6	24.8	26.3	24.1	24.3	24.5
GSP ($ million)	286,209	292,181	294,831	312,040	320,969	328,237	330,946	338,839	347,445	360,646	363,975	361,709
Energy consumption per capita (GJ/Person)	310.9	293.9	279.1	287.7	286.8	283.0	300.0	301.7	310.3	308.9	297.5	285.5

Energy Intensity (GJ/$ million)	4,702	4,430	4,238	4,213	4,157	4,070	4,331	4,314	4,401	4,291	4,164	4,085
Energy Productivity ($ million/PJ)	212.7	225.7	235.9	237.4	240.5	245.7	230.9	231.8	227.2	233.1	240.2	244.8

Source: Department of Industry, Science, Energy and Resources, Australian Energy Statistics, Table C, September 2021.
Population – Australian Bureau of Statistics, National, state and territory population, Mar quarter 2021. Population as at 30 June each year.
GSP – Australian Bureau of Statistics, Australian National Accounts: State Accounts, 2020-21, CVM (2019–20 reference year). Note calculations for Energy Intensity (GJ/$ million) and Energy Productivity ($ million/PJ) are based on this dataset.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. This table provides total electricity generation in Queensland, by fuel type, and includes off-grid systems and generation by businesses and households for this own use. These figures are different to the metric used for reporting against Queensland's 50% renewable energy target by 2030 (Metric 3). The Queensland Government currently reports a measure of renewable energy generation in Queensland as a proportion of electricity consumption within Queensland (excluding exports). i.e. An estimate of the proportion of electricity consumed in Queensland that is generated from renewable sources.

Metric 7: Forest Conversions

Queensland's primary and secondary forest conversions and net clearing of forests.

Table: Net clearing of Forests, Queensland

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
'000 ha											
Annual area of primary forest converted	73	52	42	38	42	42	41	42	38	42	23
Annual area of secondary forest converted	196	171	169	193	281	256	252	293	278	258	169
Annual areas of identified regrowth	340	281	261	342	316	368	337	328	213	184	183
Net clearing of forests (conversions identified less regrowth)	-72	-58	-50	-111	7	-71	-44	7	103	116	9

Source: Australian Government, Department of Industry, Science, Energy and Resources

Activity Table 1990-2019—LULUCF (table 7)
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 8: Flora and fauna species rated either vulnerable, endangered or extinct in the wild (threatened species)

Queensland's extinct, endangered or vulnerable species of fauna or flora.

Table: Threatened wildlife, Queensland, as at 30 April 2021

Threatened wildlife	Extinct in the Wild	Endangered	Vulnerable	Total
Count of Species				
Fauna:				
Amphibians	3	17	16	36
Birds	1	30	34	65
Cartilaginous fish	0	1	0	1
Ray-finned fish	0	4	5	9
Mammals	8	20	26	54
Reptiles	0	19	31	50
Insects	0	3	5	8
Decapods	0	9	1	10
Molluscs	0	2	1	3
Fauna Total	12	105	119	236
Flora:				
Ferns and fern allies	8	19	34	61
Cycads, conifers	0	10	15	25
Flowering plants	10	271	416	697
Green algae	0	0	1	1
Flora Total	18	300	466	784

Threatened wildlife	Extinct in the Wild	Endangered	Vulnerable	Total
Total	30	405	585	1,020

Source: Nature Conservation (Animals) Regulation 2020 and the Nature Conservation (Plants) Regulation 2020.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Table: Threatened wildlife, Queensland, 20 September 2019 and 30 April 2021

Threatened wildlife	20-Sep-19	30-Apr-21
Fauna		
Amphibians	35	36
Birds	65	65
Cartilaginous fish	1	1
Ray-finned fish	8	9
Mammals	54	54
Reptiles	52	50
Insects	8	8
Decapods	2	10
Molluscs	3	3
Fauna total	228	236
Flora		
Ferns and fern allies	65	61
Cycads, conifers	12	25
Flowering plants	655	697
Green algae	1	1
Flora total	733	784
Total	961	1,020

Source: Nature Conservation (Wildlife) Regulation 2006 (unpublished data); Nature Conservation (Animals) Regulation 2020 and the Nature Conservation (Plants) Regulation 2020.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 9: Forest area by forest type

Queensland total forest area size and by type.

Table: Protected Areas- Parks, Forests and Reserves by estate type, Queensland, 2018, 2020 and 2021

Estate type	Land Area (km2)		
	1-May-18	5-Jun-20	26-Jul-21
National Park	97,683	98,071	98,227
State Forest	31,037	31,045	31,046
Timber Reserve	663	663	663
Forest Reserve	541	540	540
Total	129,924	130,320	130,477

Source: Queensland Department of Environment and Science, Protected Areas of Queensland.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 10: Marine Park Area

Queensland’s Marine Park area size for Great Barrier Reef, Moreton Bay, Great Sandy.

Table: Marine Parks, 2017

Marine Park	Area (km^2)
Great Barrier Reef Coast	63,262
Moreton Bay	3,463

Marine Park	Area (km^2)
Great Sandy	5,933
Total	72,658

Source: Queensland Department of Environment and Science.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 11: Agricultural and forest land

Queensland's agricultural and forest land area by main use type.

Table: Proportion of total land area that can be used for some form of agriculture

	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20
Main Agricultural Land Use -area (km2)						
Crops	33,515	32,267	31,812	34,577	31,810	31,670
Grazing	1,187,167	1,166,021	1,293,725	1,296,509	1,230,342	1,204,036
Forestry	480	3,094	1,950	2,118	2,535	1,765
Other	206	342	231	157	231	215
Total	1,221,367	1,201,723	1,327,718	1,333,361	1,264,919	1,237,685
Agricultural land area as a per cent of total land area	70.6	69.5	76.7	77.1	73.1	71.5

Source: 2014–15 to 2016–17: Australian Bureau of Statistics, Land Management and Farming in Australia, various years, cat. no. 4627.0. 2017–18 to 2019–20: Australian Bureau of Statistics, Agricultural Commodities, Australia, various years, cat. no. 7121.0.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Social ESG datasets

Metric 12: Research and Experimental Development expenditure, Business

Queensland's expenditure on research and experimental development.

Table: Research and experimental development expenditure, business, Queensland

	2011–12	2013–14	2015–16	2017–18	2019-20
R&D ($ millions)	2,499	2,700	1,956	1,912	2,235
GSP ($ millions)	277,285	288,777	301,080	349,485	361,709
R&D as a per cent of GSP (percent)	0.9%	0.9%	0.6%	0.5%	0.6%

Source: Australian Bureau of Statistics, Australian National Accounts: State Accounts, 2020-21, cat. no. 5220.0; ABS, Research and Experimental Development, Businesses, Australia, various years, cat. no. 8104.0.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. Data is in current prices.

Metric 13: Research and Experimental Development expenditure, Government and Private Non-Profit Organisations (NPO)

Queensland's expenditure on research and development and as a percentage of gross state product.

Table: Research and Experimental development expenditure, government and private non-profit organisations (NPO)

	2012–13	2014–15	2016–17	2018–19
R&D ($ millions)	568	563	590	673
GSP ($ millions)	281,010	294,115	327,715	366,025
R&D as a per cent of GSP (percent)	0.2%	0.2%	0.2%	0.2%

Source: Australian Bureau of Statistics, Research and Experimental Development, Government and Private Non-Profit Organisations, Australia, various years, cat. no. 8109.0, Australian Bureau of Statistics, Australian National Accounts: State Accounts, 2020-21, cat. no. 5220.0.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. Data is in current prices.

Metric 14: Selected Labour Force Statistics

Queensland's labour force participation rate, ratio of female to male labour force and unemployment rates.

Table: Selected Labour Force Statistics, Queensland (year-average)

	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Labour force participation rate (persons aged 15 to 64 years)	77.2	77.4	76.7	78.3	78.3	78.0	79.3
Gap between male and female labour force participation rates (aged 15 to 64 years)	10.4	10.1	9.6	9.0	8.3	9.0	8.1
Unemployment rate (persons aged 15 to 64 years)	6.6	6.3	6.4	6.2	6.3	6.6	6.9
Youth unemployment rate (persons aged 15 to 24 years)	14.2	12.8	13.5	13.1	13.1	15.2	13.6

Source: Australian Bureau of Statistics, Labour Force, Australia, Detailed, cat. no. 6291.0.55.001.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 15: Percentage of women appointed to government boards

The percentage of women appointed to Queensland Government boards each year. The metric refers to all significant appointments made in the financial year on all Queensland government bodies on the Queensland Register of Appointees other than those ‘out of scope’ government bodies and positions. The following are considered ‘out of scope’ (i) Bodies established to meet inter-jurisdictional agreements (ii) Full-time or part-time statutory office holders (iii) Courts and tribunals, and (iv) Government and non-government ex-officio positions.

Table: Proportion of women appointed to government boards

	2017–18	2018–19	2019–20	2020–21
Percentage of women appointed to Queensland Government boards	47.5%	52%	54.5%	53%

Sources: Queensland Department of Justice and Attorney-General Annual Report 2020-21; Queensland Department of Child Safety, Youth and Women 2018-19 Annual Report.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 16: Family violence counselling service users with cases finalised or closed

The Queensland Government counts the number of users of family violence counselling services that have their cases closed or finalised as result of the majority of needs being met. The government targets 20,000 case closures per year.

Table: Number of family violence counselling service users with cases closed

	2019–20	2020-21
Number of domestic and family violence counselling services user with cases closed	24,442	23,816

Sources: Queensland Department of Justice and Attorney-General Annual Report 2020-21.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 17: Expenditure per child in government funded schools

Total expenditure on Queensland’s students from both state and Australian governments.

Table: Real Australia, state and territory government recurrent expenditure per student, (2018-2019 dollars) ($ per FTE student), Queensland

	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19
Australian Government payments for school education services	1,674	1,824	2,043	1,975	2,159	2,361	2,564	2,888	3,047	3,146
Queensland government recurrent expenditure	15,128	15,093	15,113	14,969	14,539	14,817	15,079	15,176	15,430	15,608
Total	16,802	16,917	17,156	16,944	16,699	17,178	17,643	18,064	18,477	18,754

Source: Productivity Commission, Report on Government Services, 2021
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 18: Percentage of Year 7 children achieving at or above the national minimum standards for reading

Percentage of Queensland children achieving at or above the national minimum standards for reading.

Table: Percentage of Year 7 children achieving at or above the national minimum standards for reading, Queensland

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Year 7 (per cent)	92.9	92.9	94.6	94.3	93.3	93.6	94.4	95.8	94.6	93.9	94.1	95.0	n.a.	93.1

Source: Australian Curriculum, Assessment and Reporting Authority, NAPLAN results, various years.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 19: Percentage of persons aged 20 to 64 years with a non-school qualification

Queensland's percentage of persons with a non-school qualification, i.e., includes qualifications at the certificate III or IV levels, bachelor's degree, and other post-graduate levels,

Table: Per cent of persons aged 20-64 years with a non-school qualification (as a per cent of total persons aged 20-64 years), Queensland

As at May	2014	2015	2016	2017	2018	2019	2020	2021
Non-school qualification per cent	61.6	62.0	62.8	63.3	63.3	65.5	67.1	66.0

Source: Australian Bureau of Statistics, Survey of Education and Work, May 2021, cat. no. 6227.0.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. Data may be randomly adjusted to avoid the release of confidential data.

Metric 20: Public hospital workforce – average full time equivalent (FTE) per 1,000 population

Queensland's number of full time equivalent hospital workforce by type per 1,000 Queenslanders.

Table: Public hospital workforce-average FTE per 1,000 persons

	2015–16	2016–17	2017–18	2018–19
FTE per 1,000 persons				
Salaried medical officers	2.0	2.0	2.1	2.2
Nurses	6.2	6.4	6.6	6.8
Diagnostic and allied health	1.9	2.0	2.0	2.1
Total	10.1	10.4	10.7	11.1

Source: Productivity Commission, Report on Government Services, 2021.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. Latest data are 2018-19 (released in 2021 report).

Metric 21: Prevalence of overweight adults and children

Percentage of Queensland adults and children by gender that are overweight or obese.

	Overweight			Obese			Overweight or obese		
	Males	**Females**	**Persons**	**Males**	**Females**	**Persons**	**Males**	**Females**	**Persons**
Adults									
2011–12	40.4	29.4	34.9	32.8	28.9	30.9	73.2	58.2	65.8
2014–15	38.4	28.6	33.4	31.9	28.4	30.2	70.7	56.6	63.6
2017–18	39.0	28.2	33.5	33.9	30.7	32.4	72.9	59.3	65.9
Children									
2011–12	15.7	19.0	17.9	8.1	9.0	9.4	23.8	28.0	27.3
2014–15	16.9	17.7	17.9	6.6	8.2	7.5	24.6	25.3	24.6
2017–18	17.4	13.9	15.4	9.8	8.4	8.7	26.2	21.7	24.5

Source: Australian Bureau of Statistics, National Health Survey, cat. no. 4364.0.55.001 (various editions).
Australian Bureau of Statistics, Australian Health Survey: Updated Results, 2011–12, cat. no. 4364.0.55.003.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. The sum of components may not add to totals due to random adjustments by the Australian Bureau of Statistics to avoid the release of confidential data.

Metric 22: Infant Mortality Rate

Queensland's number of infant mortality rate per 1,000 live births.

Table: Infant mortality rates – death before reaching one year of age per 1,000 live birth, Queensland

Given Year	2014	2015	2016	2017	2018	2019	2020
Infant mortality rate (per 1,000 live births)	4.4	4.2	4.0	4.3	3.5	4.1	3.8

Source: Australian Bureau of Statistics, Deaths, Australia, 2019, cat. no. 3302.0.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 23: Life Expectancy

Life expectancy at birth in Queensland.

Table: Life expectancy at birth, Queensland

Given Year	2012–14	2013–15	2014–16	2015–17	2016–18	2017–19	2018–2020
Males	79.9	80.0	80.1	80.0	80.2	80.3	80.6
Females	84.2	84.3	84.5	84.4	84.7	84.8	85.1

Source: Australian Bureau of Statistics, Life Tables, States, Territories and Australia, various editions, cat. no. 3302.0.55.001.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 24: Life expectancy – Aboriginal and Torres Strait Islander Queenslanders (First Nations peoples)

Life expectancy of the Aboriginal and Torres Strait Islander population at birth.

Table: Life expectancy at birth, Aboriginal and Torres Strait Islander population of Queensland

Given Year	2005–07	2010–12	2015–17
Males	68.3	68.7	72.0
Females	73.6	74.4	76.4

Source: Australian Bureau of Statistics, Life Tables for Aboriginal and Torres Strait Islander Australians, various editions, cat. no. 3302.0.55.003.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 25: Equivalised disposable household income

Mean income for lowest income quintile and average mean income per week as well as the percentage of households in the lowest income quintile in Queensland.

Table: Select equivalised disposable household income statistics, Queensland

Financial Year	2007–08	2009–10	2011–12	2013–14	2015–16	2017–18
Mean income per week-adjusted lowest income quintile ($)	419	410	409	421	441	427
Mean income per week-all persons ($)	1,015	967	1,009	1,029	994	997
Lowest income quintile mean income as a % of all household mean income	41.3	42.4	40.5	40.9	44.4	42.8

Source: Australian Bureau of Statistics, Household Income and Wealth, 2017–18, cat. no. 6523.0.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 26: Percentage of persons (25 to 64 years) who were employed by Indigenous status

Queensland's percentage of Aboriginal and Torres Strait Islander population who are employed compared to the employment rate for Queensland's non-Indigenous population.

Table: Percentage of persons (25 to 64 years) who were employed by Indigenous status

Given Year	1991	1996	2001	2006	2011	2016
Aboriginal and Torres Strait Islander (%)	46.9	49.3	50.4	57.7	54.1	52.1
Non-Indigenous (%)	67.6	69.2	70.0	74.9	76.1	75.8

Source: Extracted from Closing the Gap website (as at 11 Sep 20); Australian Census of Population and Housing, 1991–2016.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. Calculations exclude the population whose labour force status was 'not stated'; and overseas visitors.
Counts are based on a person aged 25 to 64 years of age by place of usual residence.

Metric 27: Age dependency ratio

Queensland's age dependency ratio as a percentage of the labour force population.

Table: Persons aged 65 years and over as a percentage of the labour force – 15 to 64 years labour force, and full labour force (age dependency ratio)

Given Year	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Aged dependency ratio (labour force 15-64 years)%	27.9	28.8	29.8	30.0	30.7	31.6	32.2
Aged dependency ratio (labour force total) %	27.1	27.8	28.9	28.8	29.5	30.4	30.8

Source: Australian Bureau of Statistics, Labour Force, Australia, Detailed, cat. no. 6291.0.55.001.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary. Civilian population and labour force estimates are based on 12-month averages of monthly data.

Governance ESG datasets

Metric 28: Growth of Gross State Product

Queensland's and Australia's Gross State and Domestic Product.

Financial year	2009–10	2010–11	2011–12	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020–21
Queensland (%)	2.1	0.9	5.8	2.9	2.3	0.8	2.4	2.5	3.8	0.9	-0.6	2.0
Australia (%)	2.2	2.5	3.9	2.6	2.6	2.2	2.7	2.3	2.9	2.1	0.0	1.5

Sources: Australian Bureau of Statistics, Annual State Accounts 2020-21,cat.no. 5220.0.
Notes: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 29: General Government Sector Net Operating Balance, Actual

Queensland's general government sector net operating balance.

Financial year	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020-21
Net Operating Balance ($ millions)	-4,558	488	420	668	2,825	1,750	985	-5,728	-937

Source: Queensland State Budget 2021–22 Budget Paper 2 Appendix D; Queensland Report on State Finances 2020-21.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary.

Metric 30: General Government Sector Borrowing Costs, Actual

Queensland's general government sector borrowing costs.

Financial year	2012–13	2013–14	2014–15	2015–16	2016–17	2017–18	2018–19	2019–20	2020-21
Borrowing Costs ($ millions)	1,940	2,200	2,328	2,220	1,722	1,614	1,581	1,486	1,619

Source: Queensland State Budget 2021–22 Uniform Presentation Framework Other Interest Expense; Queensland Report on State Finances 2020-21 Other Interest Expense.
Note: This is the most current available data as at November 2021, for further information on the data presented in this table please refer to the Data Dictionary

Queensland
Government

EXHIBIT (c)(vi)

Queensland Treasury Corporation’s 2021-22 Indicative Term Debt Borrowing Program Update

FORWARD-LOOKING STATEMENTS

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

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

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

- the international and Australian economies, and in particular the rates of growth (or contraction) of the State's major trading partners;
- the effects, both internationally and in Australia, of any subsequent economic downturn, as well as the effect of ongoing economic, banking and sovereign debt risk;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in the State's domestic consumption;
- changes in the State's labor force participation and productivity;
- downgrades in the credit ratings of the State and Australia;
- changes in the rate of inflation in the State;
- changes in environmental and other regulation; and
- changes in the distribution of revenue from the Commonwealth of Australia Government to the State.

16 DECEMBER 2021

MARKET ANNOUNCEMENT

QTC decreases its 2021–22 borrowing program by AUD3.1 billion following the release of Queensland's Budget Update

Following the Queensland 2021–22 Budget Update released today, QTC has decreased its indicative term debt borrowing program by AUD3.1 billion to AUD14.3 billion. This is due to lower client borrowings and general government revenue uplifts.
To date, QTC has raised AUD7.55 billion towards its indicative funding requirement of AUD14.3 billion for 2021–22, leaving AUD6.75 billion to raise before 30 June 2022.

2021–22 INDICATIVE TERM DEBT BORROWING PROGRAM

	2021–22 Budget Update AUD M[1]	2021–22 Budget AUD M[1]
New Money		
State[2]	**7,900**	11,000
Local government and other entities[3]	**1,200**	1,200
Total new money	**9,100**	12,200
Net term debt refinancing[4]	**5,200**	5,200
Total term debt requirement	**14,300**	17,400

Data current as at 16 December 2021.

1. Numbers are rounded to the nearest AUD100 million.
2. Includes general government and government-owned corporations.
3. Other entities include: universities, grammar schools, retail water entities and water boards.

4. Includes term debt maturities, net issuance undertaken in advance of borrowing requirements and scheduled client principal repayments.

Note: Funding activity may vary depending upon actual client requirements, the State's fiscal position and financial market conditions.

2021–22 FUNDING STRATEGY

For the remainder of the financial year QTC's funding strategy is likely to include the following, subject to market conditions and client funding requirements:

- A programmatic approach to issuance, including syndication, tenders and reverse enquiry.
- AUD benchmark bonds as the principal source of funding.
- Other term debt, which may include floating rate notes, bond maturities out to 30 years and non AUD denominated bonds.
- Maintaining a minimum of approximately AUD5 billion of short term debt outstandings.

NEXT REVIEW OF BORROWING REQUIREMENTS

QTC will announce its 2022–23 borrowing program following the release of the 2022–23 Queensland State Budget.

EXHIBIT (d)

Securities of the Registrant Outstanding as of June 30, 2021

The following table shows at June 30, 2021 the amount of contract maturities of the Corporation's outstanding indebtedness maturing over the next five years and for subsequent years. The face value of maturing paper is used in the maturity structure. Accordingly, comparisons with the market value of debt disclosed under the heading "Guaranteed Debt On-lent by Queensland Treasury Corporation" in Exhibit (e) are irrelevant.

Outstanding Indebtedness of QTC (Face Value)
Maturity Analysis

	0-3 months	3-12 months	1-5 years (in A$ millions)	Over 5 years	Total
Offshore Debt(1)	1,644	800	—	1,487	3,931
Domestic Debt(2)(3)	2,116	3,823	44,590	79,116	129,645
Total	**3,760**	**4,623**	**44,590**	**80,603**	**133,576**

(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$1,852 million outstanding under the Corporation's United States and European Commercial Paper Facilities as at June 30, 2021 (2020: US$185 million) and US$798 million outstanding under the Corporation's United States and European Euro Medium-Term Note Facilities as at June 30, 2021 (2020: US$766 million).

(2) Maturities are included at face value.

(3) These totals include A$3,175 million outstanding under the Corporation's Australian dollar Treasury note facility as at June 30, 2021 (2020: A$4,696 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:

Currency Year average	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
US Dollar	0.7285	0.7542	0.7754	0.7154	0.6714	0.7470
Japanese Yen	85.01	82.27	85.56	79.50	72.60	79.56
Swiss Franc	0.7135	0.7476	0.7526	0.7117	0.6561	0.6797
Pounds Sterling	0.4917	0.5949	0.5760	0.5527	0.5329	0.5546
Euro	0.6564	0.6919	0.6499	0.6269	0.6069	0.6260
NZ Dollar	1.0907	1.0587	1.0853	1.0668	1.0545	1.0742

Source: Refinitiv.

EXHIBIT (e)

Co-registrant's outstanding debt to the Commonwealth as of June 30, 2021, 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

	2019-20	2020-21
	(A$ millions)	
Advances – Commonwealth and State Housing	263	247
Advances – Other	90	53
Total	**353**	**300**

Guaranteed Debt On-lent by Queensland Treasury Corporation

Queensland Treasury Corporation's (the "Corporation" or "QTC") primary function to date has been to act as a central financing authority for on-lending funds raised by it to Queensland Government Bodies. The Treasurer of Queensland, on behalf of the State Government, guarantees QTC's obligations under all debt securities issued by QTC. The Corporation's guaranteed debt (market value), as at the end of each of the last five fiscal years, and the distribution of this debt among various borrowing authorities is detailed in the following table:

Guaranteed Debt On-lent by Queensland Treasury Corporation

Distribution of Debt	2017	2018	2019	2020	2021
			(A$ millions)		
Bodies within the Public Accounts					
Department of Education and Training	48	43	—	—	—
Department of State Development	66	58	—	—	—
Department of Transport and Main Roads – Main Roads	749	668	—	—	—
Public Works – Department of Housing and Public Works	10	9	—	—	—
Queensland Health	43	—	—	—	—
Queensland Treasury	32,728	30,400	33,173	41,923	48,869
Other	185	205	210	258	247
Government Owned Corporations					
CS Energy Ltd.	924	720	654	658	635
Energy Queensland Limited	17,767	17,607	18,912	19,799	19,999
Port Authorities & Facilities (various)	1,401	1,403	1,482	1,184	1,155
Powerlink	5,371	5,355	5,647	5,742	5,564
Stanwell Corporation Limited	937	921	970	980	943
Local Governments					
Brisbane City Council	2,283	2,195	2,184	2,314	2,381
Cairns Regional Council	86	110	123	171	179
Fraser Coast Regional Council	138	119	103	85	67
Gladstone Regional Council	155	144	141	131	108
Gold Coast City Council	786	723	702	698	704
Ipswich City Council	280	257	345	378	411
Logan City Council	229	214	211	271	258
Mackay Regional Council	201	185	177	161	139
Moreton Bay Regional Council	444	435	443	434	400
Redland City Council	51	45	42	45	46
Rockhampton Regional Council	155	132	128	148	151
Sunshine Coast Regional Council	308	307	354	592	680
Toowoomba Regional Council	193	181	180	201	207
Townsville City Council	427	396	448	440	440
Other	713	697	722	728	692
Statutory Bodies					
Grammar schools	104	94	89	107	140
Seqwater	10,949	10,827	11,617	11,882	11,349
Unitywater	419	416	435	443	431
Universities	373	407	493	505	507
Water Boards	253	280	281	255	255
Other	202	261	336	676	646
Other Bodies					
DBCT Holdings Pty Ltd.	130	122	113	104	103
Queensland Rail Limited	3,627	3,666	3,901	4,149	4,094
Queensland Urban Utilities	2,070	2,067	2,215	2,551	2,540
Other	296	287	299	321	271
Total Funds On-lent	**85,102**	**81,952**	**87,129**	**98,334**	**104,611**
Undistributed borrowings	13,361	14,580	14,884	14,855	18,145
Total Guaranteed Debt	**98,463**	**96,532**	**102,013**	**113,189**	**122,756**

The Corporation raises funds in both the domestic and international capital markets with the market value of borrowings under management as at June 30, 2021 at A$122.756 billion, which includes A$3.587 billion of debt issued under overseas funding programs based on the prevailing rates of exchange at June 30, 2021. 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, 2021

Coupon Rate (% per annum)	Maturity Date	Face Value (AUD)	Market Value (AUD)
QTC Bonds			
6.00%	July 2022	8,310,160,000	8,309,536,420
4.25%	July 2023	9,633,566,375	9,493,830,928
3.00%	March 2024	817,500,000	809,938,743
5.75%	July 2024	10,002,688,625	9,879,350,996
4.75%	July 2025	10,348,432,500	10,073,367,181
3.25%	July 2026	9,977,933,686	9,541,724,641
2.75%	August 2027	9,400,531,250	8,798,803,036
3.25%	July 2028	10,175,118,750	9,360,439,383
2.50%	March 2029	2,074,618,800	1,876,218,762
3.25%	August 2029	8,985,821,000	8,065,856,813
6.25%	August 2030	11,026,671,135	9,769,318,796
1.25%	March 2031	1,687,500,000	1,441,525,796
1.75%	August 2031	6,967,315,750	5,908,862,623
1.50%	August 2032	4,103,750,000	3,381,589,441
6.50%	March 2033	2,153,978,000	1,825,192,618
1.75%	July 2034	2,213,629,250	1,729,125,860
2.25%	April 2040	2,957,016,288	2,043,414,005
2.25%	November 2041	2,699,885,869	1,774,207,797
4.20%	February 2047	1,673,600,000	1,059,878,258
2.25%	October 2050	440,893,750	246,796,744
Treasury Notes			
Various	July 2021	485,000,000	484,995,843
Various	August 2021	30,000,000	29,999,694
Various	September 2021	1,590,000,000	1,589,918,793
Various	October 2021	910,000,000	909,915,629
Various	November 2021	160,000,000	159,971,181
Floating Rate Notes			
0.19%	February 2022	2,533,646,987	2,532,862,272
0.25%	February 2023	2,818,257,621	2,809,668,463
0.28%	November 2024	2,362,956,363	2,316,678,770
0.13%	April 2027	2,577,806,564	2,423,420,208
Other loans			
Various	2021	22,494,592	22,386,036
Various	2022	109,437,735	109,326,151
Various	2023	76,533,181	76,081,128
Various	2024	49,942,875	49,144,613
Various	2025	118,568,286	115,636,306
Total		**129,495,255,232**	**119,018,983,928**

Outstanding Offshore Indebtedness

Euro Medium-Term Notes
as at June 30, 2021

Year of Issue	Coupon Rate	Maturity Date	Currency	Face Value (AUD)	Market Value (AUD)
2011	1.730%	September 2039	CHF	210,885,155	200,696,565
2014	2.650%	April 2039	JPY	266,415,619	247,382,684
2016	1.640%	November 2046	EUR	904,956,828	752,133,539
2020	0.69%	June 2050	EUR	104,303,105	75,967,053
Total				**1,486,560,707**	**1,276,179,841**

Commercial Paper
as at June 30, 2021

Year of Issue	Yield	Maturity	Currency	Face Value (AUD)	Market Value (AUD)
2021	0.130%	July 2021	USD	146,169,719	13,287,990
2021	0.320%	July 2021	USD	132,881,831	132,878,861
2021	0.130%	July 2021	USD	132,881,831	132,877,029
2021	0.290%	July 2021	USD	265,763,663	265,753,293
2021	0.140%	July 2021	USD	66,440,916	66,437,122
2021	0.240%	August 2021	USD	146,170,015	146,155,255
2021	0.160%	August 2021	USD	85,044,372	85,034,851
2021	0.550%	August 2021	USD	265,763,663	265,730,906
2021	0.120%	August 2021	USD	31,891,640	31,886,826
2021	0.280%	August 2021	USD	166,102,289	166,075,155
2021	0.150%	August 2021	USD	25,247,548	25,242,882
2021	0.160%	September 2021	USD	66,440,916	66,424,317
2021	0.130%	September 2021	USD	13,288,183	13,284,658
2021	0.120%	September 2021	USD	66,440,916	66,422,769
2021	0.060%	September 2021	USD	33,220,458	33,209,401
2021	0.160%	October 2021	USD	43,053,713	43,038,412
2021	0.165%	October 2021	USD	531,527,326	531,306,182
2021	0.190%	November 2021	USD	132,881,831	132,809,862
2021	0.188%	November 2021	USD	93,017,282	92,964,559
2021	0.085%	January 2022	AUD	150,000,000	149,950,590
Total				**2,594,228,112**	**2,460,770,920**

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;
- the effect of the ongoing novel coronavirus (COVID-19) pandemic;
- increases or decreases in international and Australian domestic interest rates;
- changes in and increased volatility in currency exchange 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, 2021, the Corporation had assets totaling A$169.557 billion and liabilities totaling A$168.965 billion (compared to total assets of A$149.626 billion and total liabilities of A$149.099 billion as at June 30, 2020). 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 State Investment Operations segment, previously known as the Long Term Assets segment, holds portfolios of assets which are held to fund the superannuation, other long-term obligations of the State, as well as to support other state initiatives.

The Capital Markets Operations segment had assets totaling A$131.743 billion and liabilities totaling A$131.150 billion as at June 30, 2021 (compared to assets of A$123.409 billion and liabilities of A$122.882 billion as at June 30, 2020). In relation to the State Investment Operations segment, previously known as the Long Term Assets segment, assets totaled A$37.815 billion and liabilities totaled A$37.815 billion as at June 30, 2021 (compared to assets of A$26.217 billion and liabilities of A$26.217 billion as at June 30, 2020).

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. Leon Allen.

The powers, functions and duties of the Under Treasurer (save for those relating to the State Investment Operations 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, Clients, Finance, Data and Compliance and Corporate Services and Chief Risk Officer.

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, 2021, the total borrowings of the Corporation were A$133.576 billion. This amount included debt issued under overseas funding programs equivalent to A$3.587 billion based on the prevailing rates of exchange at June 30, 2021. 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$115.7 million for the year ended June 30, 2021 compared to A$66.9 million for the year ended June 30, 2020.

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, 2021, the market value of the Corporation's onlendings to its clients totaled A$104.611 billion of which A$28.609 billion was to government owned corporations.

State Investment Operations

Separate from QTC's capital market operations, QTC holds two portfolios of assets that were transferred from the Queensland Government under administrative arrangements. These assets are held in unit trusts managed by QIC Limited. QTC issued the State of Queensland a fixed rate note for each portfolio in return for the assets transferred under these arrangements. These two portfolios, the Long Term Assets portfolio and the Queensland Future Fund portfolio, make up QTC's State Investment Operations segment ("SIO").

Recognizing the direct relationship between these fixed rate notes and the invested assets of SIO, any difference between the interest paid by QTC on the fixed rate notes and the return received by the State Investment Operations segment on the invested assets is recognized in the financial statements annually as a market value adjustment to the value of the fixed rate note. The market value of assets held by the State Investment Operations segment as at June 30, 2021 totaled A$37.815 billion, which matched the market value of the financial liabilities of A$37.815 billion.

The State Investment Advisory Board is responsible for oversight of the invested assets of the State Investment Operations segment. This segment does not generate cash flows and has no impact on QTC's capital market operations or its ability to meet its obligations.

Enterprise wide Risk Management

The Corporation has an established Enterprise wide Risk Management framework including Enterprise wide Risk Management policies and procedures. As part of this Enterprise wide Risk Management framework, 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 5.2 million persons, or 20.3% of Australia's population as at June 30, 2021. As at June 30, 2020, 72.7% of Queensland's population lived in South-East Queensland, an area with warm subtropical 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 2.5 million persons. There are nine other population centers in Queensland with over 50,000 persons.

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 October 2020. The Australian Labor Party was returned to Government for a third term after winning 52 seats (of a 93 seat parliament) to form an outright majority. The current Premier is the Honourable Annastacia Palaszczuk, who entered the State Parliament in 2006. The next state election is due to be held in October 2024, following the 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.

More recently, the Queensland economy has battled with the impacts of the global COVID-19 pandemic, with outbreaks and related restrictions on activity in Australia and many other countries leading to a severe deterioration in the national and international economic outlooks.

However, Queensland's comparatively strong health response has meant the State's economic recovery has been a standout among Australia's states and territories, as well as other peer economies internationally. Domestic activity and employment have rebounded strongly as restrictions have progressively been unwound.

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$9.5 billion in 2020-21, 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 three-quarters of Queensland's international merchandise exports in 2020-21.

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 has also been 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. The near-term outlook for international tourism has become clouded due to uncertainties surrounding the COVID-19 pandemic, and even after international borders are re-opened, it may take some time before confidence returns to the international travel market.

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 Plan

Throughout the COVID-19 pandemic, the Queensland Government has acted decisively to protect the health and wellbeing of Queenslanders. The government's strong health response has underpinned Queensland's strong economic recovery.

The government's actions have contained the spread of the virus, allowing emergency health restrictions to be lifted sooner, which has maintained consumer and business confidence and supported economic activity.

As a result, Queensland's economic recovery from COVID-19 has been earlier and stronger than the rest of Australia. The number of people employed in Queensland, as of November 2021, is 100,400 persons above the pre-COVID levels of March 2020, by far the highest jobs growth of any state or territory in Australia. By comparison, over the same period employment in the rest of Australia rose by 81,400.

The government's COVID-19 Economic Recovery Plan has driven these outcomes by safeguarding Queenslanders' health, creating jobs and working together to support businesses, families and communities across the state.

The government's response has focused on the six key elements of the COVID-19 Economic Recovery Plan:

- Safeguarding health;
- Backing small business;
- Making it for Queensland;
- Building Queensland;
- Growing Queensland's regions; and
- Investing in skills.

Despite the strength of Queensland's economic recovery, some industries and regions have continued to be impacted by international border closures, interstate lockdowns and other restrictions as part of the emergency health response.

To help support impacted businesses across all industries, the Queensland Government is delivering a A$600 million program of COVID-19 Business Support Grants, jointly funded with the Australian Government. More than 40,000 businesses across the state are expected to benefit from this timely financial support.

The Queensland Government has also provided additional targeted support through the A$47.75 million Tourism and Hospitality Sector COVID-19 Lockdown Support Package and the A$20 million COVID-19 Cleaning Rebate.

The government's response to the pandemic and the resulting strength of Queensland's economic performance has positioned Queensland well for the next phase of recovery, including the reopening of borders under Queensland's COVID-19 Vaccine Plan to Unite Families.

The vaccine plan continues to prioritize the health and wellbeing of Queenslanders, while providing certainty and confidence for the community and businesses. Opening Queensland's interstate borders with an 80% vaccination rate could deliver direct economic benefits of up to A$1.5 billion per annum.

As borders reopen, the government's economic plan will navigate the challenges ahead, delivering healthy and thriving communities, more jobs and new exports which build on Queensland's strengths.

This will include an ongoing focus on diversifying the goods and services produced across the state, in both traditional industries, such as tourism and agriculture, and sunrise industries such as renewable energy and new economy minerals.

Through initiatives such as the A$3.3 billion Queensland Jobs Fund, the government is supporting the growth of industries, enabling Queensland businesses to make more and add more value across the state's regions.

The government's COVID-19 Economic Recovery Plan will help manufacturers to develop advanced capabilities and support sustainability, backed by reliable, renewable competitively priced energy.

Investments in skills and training, such as the Skilling Queenslanders for Work initiative, continue to support Queenslanders to upskill and reskill, preparing them for the jobs of the future.

An ongoing focus on innovation will promote the development of new ideas in Queensland and help businesses to draw on the world's best-practice business models, technology, products and services.

The government is continuing to deliver the critical infrastructure that supports economic growth by increasing productivity, lowering business costs, and helping to deliver the services that continue to make Queensland a great place to live.

By protecting the health and wellbeing of Queenslanders, the Queensland Government has given the state a head start in its recovery from the COVID-19 pandemic.

Building on this strength, Queensland's COVID-19 Economic Recovery Plan will continue to provide certainty and security to all Queenslanders so that the state can move forward to realize a golden era of opportunity.

Economic Growth

According to the Australian Bureau of Statistics, Queensland's economic output rose by 2.0% in 2020-21, following a COVID-19 driven decline of 0.6% in the previous year. Real gross state product (GSP) growth in 2020-21 was primarily driven by: a sharp rebound in household consumption, which contributed 2.7 percentage points to GSP growth; further growth in public final demand, which contributed 0.8 percentage points to GSP growth; and dwelling investment, which contributed 0.5 percentage points to GSP growth.

Business investment detracted 0.6 percentage points from GSP growth in 2020-21, while net overseas exports detracted 3.6 percentage points from GSP growth, with falling goods and services exports and rising goods imports more than offsetting the contribution from the sharp decline in services imports in the year.

Real Economic Growth—Queensland and Australia
(original, CVM[a])

Year	Queensland GSP		Australia GDP	
	A$ Billion	% Change	A$ Billion	% Change
2015-16	338.8	2.4	1,843.5	2.7
2016-17	347.4	2.5	1,885.8	2.3
2017-18	360.6	3.8	1,939.9	2.9
2018-19	364.0	0.9	1,980.9	2.1
2019-20	361.7	-0.6	1,980.9	0.0
2020-21	369.0	2.0	2,010.1	1.5

(a) Chain volume measures; reference year 2019-20.

Source: ABS Annual State Accounts.

Major Economic Indicators

The following table lists selected major economic indicators for Queensland:

Queensland Major Economic Indicators

	2016-17	2017-18	2018-19	2019-20	2020-21
Overseas merchandise exports (A$ billion)	70.4	77.3	90.5	79.6	60.8
Retail turnover (A$ billion)	61.9	62.5	64.8	68.7	76.6
Private gross fixed capital formation (A$ billion)	64.9	69.5	66.4	64.0	66.1
Resources exports (A$ billion)	53.4	61.1	73.3	62.1	44.7
Agricultural production (A$ billion)	15.1	14.7	13.8	13.7	14.4
Employment (‘000 persons)[a]	2,367	2,464	2,500	2,515	2,576
Unemployment rate (%)[a]	6.2	6.0	6.1	6.4	6.8
Increase in consumer prices (%)[a]	1.7	1.7	1.6	1.2	2.1
Average weekly total earnings (A$)[a]	1,123	1,150	1,197	1,249	1,250

(a) Year-average.

Note: All monetary values are in current prices.

Sources: ABS Annual State Accounts; Balance of Payments and International Investment Position, Australia; Labour Force; Average Weekly Earnings; Consumer Price Index; Retail Trade; 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 2019-20 and 2020-21.

Components of Economic Growth
(original, CVM[(a)])

	Queensland				Australia			
	Annual Growth (%)		Contribution to GSP growth (% points)		Annual Growth (%)		Contribution to GDP growth (% points)	
	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21
Household consumption	-1.7	4.9	-1.0	2.7	-3.1	0.9	-1.7	0.5
Private investment	-4.6	2.4	-0.9	0.4	-3.2	2.1	-0.6	0.4
-Dwellings	-6.8	10.1	-0.4	0.5	-8.1	3.2	-0.5	0.2
-Business investment	-5.7	-5.9	-0.6	-0.6	-2.5	-2.3	-0.2	-0.2
(i) Non-dwelling construction	-7.9	-8.6	-0.4	-0.5	-0.5	-6.6	-0.0	-0.3
(ii) Machinery and equipment	-2.9	-2.7	-0.1	-0.1	-5.3	3.7	-0.2	0.1
-Other private investment	3.1	15.9	0.1	0.5	3.2	11.4	0.1	0.4
Private final demand[(b)]	-2.5	4.3	-1.8	3.2	-3.1	1.2	-2.3	0.8
Public final demand[(b)]	6.5	2.9	1.7	0.8	5.7	5.8	1.4	1.5
Overseas exports	-5.5	-15.9	-1.5	-4.0	-1.7	-8.4	-0.4	-2.0
Overseas imports	-11.9	-2.6	2.3	0.4	-7.8	-2.9	1.7	0.6
Balancing item	n.a.	n.a.	-1.5	1.6	n.a.	n.a.	-0.4	0.7
Statistical discrepancy	n.a.	n.a.	0.2	0.1	n.a.	n.a.	0.0	-0.1
GSP/GDP	-0.6	2.0	-0.6	2.0	0.0	1.5	0.0	1.5

(a) Chain volume measure; reference year 2019-20.
(b) Final demand constitutes final consumption expenditure plus gross fixed capital formation.

Source: ABS Annual State Accounts.

Based on ABS *Annual State Accounts* data (see table above), key features are:

- Household consumption in Queensland rose 4.9% in 2020-21, following a COVID-19 lockdowns driven decline of 1.7% in the previous year. Strengthening labor market conditions, an elevated savings rate and increased wealth from strong share market and housing price growth is expected to support household consumption growth in the near-term.
- Dwelling investment rose 10.1% in 2020-21, following a fall of 6.8% in the previous year. A combination of record low interest rates (and consistent messaging from the Reserve Bank of Australia that they would stay low for an extended period), along with generous government stimulus and incentives, drove strong increases in building approvals and lending indicators throughout 2020-21, boosting the outlook for dwelling investment. A substantial amount of work in the pipeline, combined with market expectations that dwelling prices will continue to rise into 2022, will continue to support growth in dwelling investment in the near-term.
- Business investment in Queensland fell 5.9% in 2020-21, following a decline of 5.7% the previous year. The fall in 2020-21 was driven by engineering construction (down 9.2%) and non-residential construction (down 7.9%), while machinery & equipment investment (down 2.7%) recorded a more modest decline. Success in controlling the virus in Queensland, and the resulting easing of many social distancing restrictions, has led to an improvement in business confidence and overall economic activity. Growing confidence in the economic outlook is expected to spur investment, particularly in machinery and equipment, in the short-term.

- Overseas exports fell 15.9% in 2020-21, with goods exports falling 11.3% and services exports falling 45.2%. International border closures severely restricted services exports in the year, causing international visitor arrivals to fall to nearly zero and reducing the number of international student enrolments. The fall in goods exports in part reflects China's import bans on a range of Australian goods, particularly coal. Overseas imports fell 2.6% in 2020-21, with goods imports rising by 11.4% (reflecting the strong rebound in household consumption activity), more than offset by services imports falling by 61.1% driven by border closures.

Overseas Merchandise Exports

Queensland is Australia's second largest exporting state, accounting for 15% of Australia's total merchandise exports in 2020-21.

The nominal value of Queensland's overseas merchandise exports fell 24.1% in 2020-21, driven by falls in coal, LNG and beef. The international recession, due to the COVID-19 pandemic, lowered prices for Queensland's key commodity exports in 2020-21.

The value of Queensland's coal exports fell A$11.4 billion, to A$24.6 billion in 2020-21, reflecting declines in the value of all three major types of coal, particularly hard coking coal. Demand for Queensland's coal exports was negatively impacted by the international recession due to the COVID-19 pandemic and China's ban on importing Australian coal, with both prices and volumes lower. China's informal ban on the import of Australian coal remains in place, with a substantial decline in coal exports to China since October 2020. However, Queensland exporters have been successful in finding alternative markets for the majority of these coal exports, with more than 85% of export volumes lost to China having been replaced by increased exports to other markets, particularly India, Japan and South Korea.

The value of LNG exports fell A$6.0 billion to A$9.5 billion in 2020-21. The decline was driven by a 41.2% fall in export prices (which are linked to the price of oil) which more than offset a 4.0% increase in export volumes. A colder than expected winter in the Northern Hemisphere is driving demand for LNG, which is expected to result in further growth in LNG export volumes in 2021-22.

The value of metals exports rose A$167 million to A$10.2 billion in 2020-21, driven by a A$314 million rise in copper exports and a A$305 million rise in lead exports. As expected, the impact of COVID-19 on domestic metals production was limited, while key metal prices have recovered to be well above pre-pandemic levels.

The value of meat (primarily beef) exports fell 20.7%, to A$5.5 billion in 2020-21, driven by a decrease in export volumes (down 18.0%) while prices fell more modestly (down 3.3%). Improved weather conditions encouraged graziers to rebuild depleted herds, driving a decline in beef production and exports in 2020-21. However, elevated beef prices are encouraging additional production earlier than anticipated (despite herd rebuilding efforts), which is likely to drive growth in beef exports in 2021-22.

Improved weather conditions in Queensland resulted in the value of Queensland's crop exports (including cotton) increasing by 50.6% in 2020-21, to A$1.9 billion. The Bureau of Meteorology declared that a La Niña event has become established in the tropical Pacific during November 2021, which typically results in above-average rainfall in winter, spring and early summer for Australia, particularly across eastern, central and northern regions. With improved weather conditions, the December 2021 Crop Report from the Australian Bureau of Agricultural and Resource Economics and Sciences expects Queensland's winter and summer crop production in 2020-21 to have increased substantially on low 2019-20 production levels, with further growth expected in 2021-22.

Overseas Merchandise Exports, Queensland
(A$ million, current prices)

Export Categories[(a)]	2018-19	2019-20	2020-21[(p)]
Rural[(b)]			
Meat	5,973	6,884	5,461
Textile fibers	1,107	448	399
Cereals and cereal preparations	184	129	636
Vegetables and fruit	677	712	887
Feeding stuff for animals	134	117	107
Other rural	1,683	1,671	1,418
Total	**9,758**	**9,961**	**8,909**
Crude minerals			
Coal, coke and briquettes[(c)]	46,311	36,058	24,624
Metalliferous ores[(d)]	6,654	6,195	5,832
Petroleum and related products/materials	186	95	78
Gas, natural and manufactured	15,728	15,555	9,513
Other crude minerals	18	16	12
Total	**68,897**	**57,920**	**40,059**
Processed minerals and metals[(b)]			
Non-ferrous metals[(b)]	4,047	3,824	4,355
Other processed minerals and metals	314	324	311
Total	**4,360**	**4,148**	**4,666**
Other manufactures			
Machinery and non-transport equipment	1,491	1,459	1,369
Chemicals, fertilizers (excl. crude), plastics, etc..	1,082	922	1,045
Transport equipment	619	711	617
Leather, rubber, other materials, furniture, clothing, etc.	290	271	240
Miscellaneous manufactures and beverages	622	622	629
Total	**4,106**	**3,984**	**3,900**
Manufactures (sum of processed minerals and metals and other)	8,466	8,132	8,566
Total overseas exports of merchandise goods[(b)]	**87,247**	**76,248**	**57,863**

(p) Preliminary.
(a) Based on the Standard International Trade Classification (SITC), Revision 4.
(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 cotton lint which were confidentialized by the ABS.
(d) Includes Queensland Treasury’s estimate of alumina exports which were confidentialized by the ABS.

Note: Values have been rounded to the nearest A$ million.

Source: ABS unpublished foreign trade data and Queensland Treasury.

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 2020-21 financial year, the A$ exchange rate averaged US$0.7470, a 11.2% appreciation on the previous year, partially reflecting Australia's better health and economic outcomes relative to other countries following the onset of the COVID-19 pandemic. So far in 2021-22, the A$ has depreciated against the US$, averaging US$0.7351 in the first five months.

Although Queensland exports to a wide range of overseas markets, the major destinations for Queensland merchandise are countries in Asia, which account for around 81% of all exports (see table below). China remained Queensland's largest export market in 2020-21, accounting for 24.4% of the State's overseas merchandise exports, despite China implementing a ban on a range of Australian exports (particularly coal) which saw China's share decrease by 11.8 percentage points from 36.1% in 2019-20. Queensland exporters were able to partially offset the fall in exports to China by increasing exports to other major export destinations such as India, South Korea, Vietnam, Indonesia and Japan, which saw their combined share of Queensland exports increase by 7.7 percentage points.

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)

	2018-19	2019-20	2020-21(p)
North Asia Total	**62.0**	**64.4**	**54.9**
China	32.9	36.1	24.4
Japan	14.0	13.1	13.6
South Korea	10.9	11.2	12.9
Taiwan	3.8	3.5	3.4
Hong Kong	0.4	0.4	0.6
South Asia Total	**21.6**	**20.3**	**25.7**
India	12.4	9.7	13.2
Indonesia	1.8	1.6	2.2
Malaysia	2.4	3.0	2.7
Thailand	0.8	0.6	1.0
Singapore	0.9	1.2	0.9
North America	**3.0**	**3.4**	**4.3**
United States	2.1	2.7	3.2
Canada	0.8	0.7	1.1
European Union(a)	**6.3**	**5.4**	**6.0**
New Zealand	**1.3**	**1.3**	**1.8**
Brazil	**1.2**	**0.8**	**1.2**
Other	**4.8**	**4.3**	**6.1**

(a) Includes the United Kingdom, which left the European Union on February 1, 2020.
(p) Preliminary.

Source: ABS unpublished foreign trade data.

Tourism Exports

Due to COVID-19 induced travel restrictions, the number of overseas tourist nights spent in Queensland again fell sharply in 2020-21, down 96.6% to 0.9 million nights, following a 26.9% decline in 2019-20 to 26.3 million nights. Overall, New Zealand was the largest individual source of international tourist nights to Queensland in 2020-21, at 0.5 million nights. However, in the pre-COVID 2018-19 year, the United Kingdom (4.3 million nights), New Zealand (4.1 million nights) and China (3.8 million nights) were key source markets.

International tourist nights from Asia had grown strongly over the five years to 2018-19 (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. However, 2019-20 saw a significant reduction in tourist nights due to the commencement of COVID-19 driven international travel restrictions in February/March 2020.

Overseas tourist(a) nights by source, Queensland
(thousand nights)

	2018-19	2019-20	2020-21
China	3,776	3,361	19
New Zealand	4,050	3,106	503
Japan	2,124	1,646	6
South Korea	1,933	1,594	3
Taiwan	2,464	1,131	5
Other Asia	5,059	3,653	105
United Kingdom	4,329	2,592	60
Germany	1,641	1,251	10
Other Europe	4,784	3,833	43
United States	1,885	1,306	55
Other Countries	3,988	2,873	91
Total	**36,035**	**26,345**	**901**

(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 2019-20 (latest available), Queensland's interstate tourism gross value added (GVA) was the second highest of all states, at A$2.74 billion, slightly behind New South Wales (A$2.94 billion).

Interstate tourist nights to Queensland fell 30.2% in 2020-21, largely due to COVID-19 travel restrictions.

Overseas Merchandise Imports

The nominal value of Queensland's overseas merchandise imports rose 6.0% to A$48.2 billion in 2020-21. The rise in the value of imports was primarily driven by an increase in the value of road motor vehicle imports (up A$2.2 billion), while imports of other machinery and transport equipment (up A$816 million), other manufactured goods (up A$477 million), chemicals (up A$86 million) and other goods (up A$898 million) also increased.

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)	**2018-19**	**2019-20**	**2020-21(p)**	**Annual change, 2019-20 to 2020-21 (%)**
Live animals, food, beverages & tobacco	2,226	2,448	2,308	-5.7
Mineral fuels, petroleum and lubricants	10,127	8,270	6,639	-19.7
Chemicals	2,433	2,650	2,736	3.2
Road motor vehicles	8,609	7,128	9,335	31.0
Other machinery and transport equipment	11,024	9,084	9,900	9.0
Other manufactured goods	10,840	9,857	10,334	4.8
Other	3,752	6,093	6,991	14.7
Total overseas imports of goods	**49,012**	**45,531**	**48,244**	**6.0**

(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, 2021 (latest data available), Queensland's estimated resident population was 5.22 million, accounting for 20.3% of Australia's population. Over the year to June 30, 2021, Queensland's population grew by 0.9%, stronger than national population growth of 0.2% over the same period.

Net interstate migration strengthened in the year to June 2021, to 30,939 persons. Closed international borders resulted in net overseas migration declining by 14,366 person over the year to June 2021. Natural increase (births minus deaths) contributed 29,352 persons over the year to June 2021.

In year average terms, Queensland's employment rose 2.4% in 2020-21, following an increase of just 0.6% the previous year as a result of lockdowns introduced to stop the spread of COVID-19.

Similarly, Queensland's labor force participation rate rose 0.9 percentage point in 2020-21 to 66.1%, the highest year-average participation rate since 2012-13. While the unemployment rate rose 0.4 percentage point to 6.8% in 2020-21, the seasonally adjusted unemployment rate has fallen in early-2021-22, to be 4.8% in November 2021.

In 2020-21, Health Care & Social Assistance remained Queensland's largest employing industry, employing 375,000 persons (or 14.5% of total employment in the State), followed by Retail Trade (10.3%), Construction (8.9%) and Education & Training (8.1%). The private sector accounted for 85.3% of employment in Queensland in 2020-21.

The following tables show employment by industry for Queensland and the rest of Australia and average annual growth over the five years to 2020-21.

Employed Persons by Industry, Queensland(a)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2015-16 to 2020-21
	('000)	('000)	('000)	('000)	('000)	('000)	Average annual % change
Agriculture, Forestry & Fishing	58.7	52.4	63.0	69.5	79.8	84.1	7.5
Mining	57.8	57.5	61.0	68.3	65.0	76.2	5.7
Manufacturing	168.9	164.5	170.4	171.2	164.4	177.8	1.0
Electricity, Gas, Water & Waste Services	31.0	24.6	33.0	30.0	31.4	29.4	-1.1
Construction	208.3	229.3	238.8	235.8	245.2	230.4	2.0
Wholesale Trade	68.5	64.4	64.4	73.3	71.8	79.8	3.1
Retail Trade	254.9	253.6	262.0	252.9	231.8	266.4	0.9
Accommodation & Food Services	166.5	180.8	181.9	192.5	191.7	182.6	1.9
Transport, Postal & Warehousing	132.8	132.4	140.5	136.3	128.6	133.9	0.2
Information Media & Telecommunications	32.9	35.7	28.4	33.3	28.6	27.2	-3.7
Financial & Insurance Services	66.9	63.3	62.1	65.9	59.8	76.1	2.6
Rental, Hiring & Real Estate Services	48.8	50.0	47.9	42.5	52.3	51.6	1.1
Professional, Scientific & Technical Services	177.1	171.9	169.3	169.3	192.3	190.6	1.5
Administrative & Support Services	85.3	80.1	90.6	85.4	87.4	80.0	-1.3
Public Administration & Safety	149.9	162.7	149.7	168.3	157.1	165.8	2.0
Education & Training	197.3	189.0	203.1	217.8	217.3	209.9	1.2
Health Care & Social Assistance	314.0	312.5	351.3	350.5	354.9	375.0	3.6
Arts & Recreation Services	41.6	43.2	45.2	43.6	45.5	43.5	0.9
Other Services	104.3	102.3	106.3	101.7	104.6	101.3	-0.6
Total(b)	**2,365.6**	**2,370.3**	**2,468.9**	**2,508.2**	**2,509.5**	**2,581.7**	**1.8**

(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 Labour Force, Australia, Detailed.

Employed Persons by Industry, Rest of Australia(a)

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2015-16 to 2020-21
	('000)	('000)	('000)	('000)	('000)	('000)	Average annual % change
Agriculture, Forestry & Fishing	262.0	251.9	266.3	264.1	254.1	253.5	-0.6
Mining	162.9	161.4	161.9	178.8	173.8	180.6	2.1
Manufacturing	710.5	744.0	736.0	734.7	722.9	695.6	-0.4
Electricity, Gas, Water & Waste Services	112.5	112.8	115.8	124.0	124.4	123.2	1.8
Construction	841.2	856.5	932.2	929.6	934.3	929.8	2.0
Wholesale Trade	304.0	298.9	301.1	316.7	320.4	300.9	-0.2
Retail Trade	1,014.2	985.7	1,024.7	1,024.6	1,004.2	1,017.7	0.1
Accommodation & Food Services	661.5	682.4	708.5	708.2	659.9	651.4	-0.3
Transport, Postal & Warehousing	490.9	486.5	499.8	521.4	512.6	515.2	1.0
Information Media & Telecommunications	177.8	180.5	192.7	181.4	176.3	165.3	-1.4
Financial & Insurance Services	366.8	373.8	368.7	379.2	406.9	407.4	2.1
Rental, Hiring & Real Estate Services	163.4	159.1	164.2	169.9	162.1	158.6	-0.6
Professional, Scientific & Technical Services	819.2	846.6	858.6	934.2	955.1	997.8	4.0
Administrative & Support Services	337.9	350.4	325.0	343.6	350.8	336.7	-0.1
Public Administration & Safety	591.0	614.2	588.2	667.7	670.7	700.3	3.5
Education & Training	743.2	792.9	822.1	824.2	867.9	902.3	4.0
Health Care & Social Assistance	1,223.7	1,251.1	1,321.4	1,334.3	1,408.4	1,424.9	3.1
Arts & Recreation Services	186.8	176.6	201.6	205.6	180.3	191.0	0.4
Other Services	368.5	384.0	392.3	402.8	380.7	386.2	0.9
Total(b)	**9,537.8**	**9,709.4**	**9,981.0**	**10,244.9**	**10,265.7**	**10,338.5**	**1.6**

(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 Labour Force, Australia, Detailed.

Prices

The Brisbane consumer price index ("CPI") rose 2.1% in 2020-21, the fastest annual growth since 2013-14. This was primarily driven by a strong rebound in automotive fuel prices and the ending of government-provided free childcare and utility rebates in response to the COVID-19 pandemic. This compares with average annual growth in Brisbane's consumer prices of 2.5% since the Reserve Bank of Australia's adoption of inflation targeting in 1993-94. The national CPI rose 1.6% in 2020-21.

Income

Queensland recorded no growth in average weekly earnings in 2020-21, compared with 1.0% growth nationally. However, Queensland's relative weakness in this measure of wages reflects some one-off anomalies in this data due to the COVID-19 pandemic. Specifically, the Australian Bureau of Statistics noted:

"Queensland experienced a sharp increase in the proportion of the labor force employed as part-time in the November 2020 reference period, and therefore this placed downward pressure on average weekly earnings. The number of persons employed part-time in Queensland in November 2020 rose 4.4% (or 35,400 persons), compared to full-time employment falling 2.8% (or 48,500 persons). These trends were not as significant at the national level."

The most recent figures available for average weekly earnings and household income per capita are listed below:

Measures of Income

State	Household Income per capita 2020-21 A$	Average Weekly Earnings 2020-21 A$
Queensland	65,133	1,250
New South Wales	71,117	1,321
Victoria	64,905	1,272
South Australia	62,243	1,169
Western Australia	74,766	1,401
Tasmania	63,696	1,107
Australia	68,784	1,293

Sources: ABS Annual State Accounts; Average Weekly Earnings.

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.

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 2021, State and local public sector employees in Queensland totaled 393,900 persons, accounting for 14.8% of all employed persons in the State.

The Coalition (led by the Liberal Party of Australia) formed Federal government in September 2013, and were subsequently 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.

Queensland's industrial relations system is underpinned by Awards and Agreements.

Prior to the emergence of COVID-19, The Queensland Public Sector Wages Policy was for annual growth of 2.5% on Agreement pay rates. For the last round of negotiations, a one-off payment of A$1,250 was also included on reaching a new agreement.

On April 2, 2020, the Premier announced that Queensland public sector wage increases and bargaining for industrial agreements would be put on hold in response to the economic impacts of the COVID-19 health pandemic. Temporary amendments to the Industrial Relations Act 2016 (Qld) to implement this policy were passed on June 17, 2020.

The wage deferral postpones the wage increase that would have occurred in 2020-21 by twelve months. This results in an actual, realized saving, as the pay received by the employee is lower than it otherwise would be for those twelve months.

The pay rise that would have otherwise occurred in 2021-22 is also postponed by six months. This likewise results in a saving for these six months, with wages paid lower than they otherwise would have been. Once this aforementioned increase occurs, pay rates will return to what they would have otherwise been without the deferrals.

A number of significant Queensland Public Sector agreements are due to expire and be renegotiated during calendar 2022, including Nurses, Teachers and Police.

Meanwhile, public service positions will be maintained within approved FTE caps. The Government will reduce employee expenses through a careful assessment of staffing levels, including whether roles need to be filled when they become vacant. Recruitment will only be approved where the vacancy is necessary to fill, and will require high level approval within Government.

The Government remains committed to employment security and critical frontline services.

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, 2020-21(a)
(nominal)

Sector	Queensland (A$ millions)	Australia (A$ millions)	Queensland as a share of Australia (%)
Agriculture, forestry and fishing	9,570	46,872	20.4
Mining	27,496	222,531	12.4
Manufacturing	22,181	115,042	19.3
Construction	27,220	143,897	18.9
Services(b)	254,921	1,403,837	18.2
Total	**341,386**	**1,932,181**	**17.7**

(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 Annual State Accounts.

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 most valuable goods export after coal, with a nominal value of around A$9.5 billion in 2020-21.

In 2020-21, Queensland accounted for 12.4% of the nation's total mining output (nominal). Industry output has grown at an average annual rate of 1.5% in the five years to 2020-21 (real, CVM), although this annual average rate of growth is down from 7.4% in the five years to 2018-19 (pre-COVID).

In 2020-21, Queensland's mining industry accounted for 8.1% of the State's total industry gross value added (nominal), down from 14.3% in 2018-19. Meanwhile, 76,200 people were directly employed in the mining industry (3.0% of Queensland's total employment).

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 2020-21, the value of coal exports accounted for 42.6% of Queensland's total merchandise exports. Lower coal prices (down 25.6%) and lower export tonnages (down 8.2%) contributed to the value of coal exports falling by 31.7%, to A$24.6 billion in 2020-21.

The value and quantity of selected minerals produced in Queensland from 2015-16 to 2020-21 are shown in the following tables.

Queensland Key Resources Production – Estimated Value[a]
(A$ millions)

Resource	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Black coal[b]	23,024	41,083	45,923	52,792	40,441	28,194
Liquefied Natural Gas[c]	5,111	8,641	10,737	15,728	15,555	9,513
Copper	1,824	1,765	1,996	2,047	1,833	2,179
Gold	974	1,055	1,027	925	1,049	1,046
Bauxite	1,332	1,260	1,275	1,494	1,649	1,378
Lead	871	755	715	839	814	812
Zinc	1,556	1,204	1,670	2,614	2,475	2,660

(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.
(c) Export value.

Source: Office of the Chief Economist, ABS and Queensland Treasury.

Queensland Key Resources Production – Volume

Resource	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Black coal ('000t)	237,625	237,675	248,622	257,209	245,055	228,860
Copper ('000t)	272	247	227	238	218	205
Gold (kg)	18,955	19,695	19,084	16,286	13,938	13,098
Bauxite ('000t)	28,102	30,041	32,030	35,829	41,087	36,583
Lead ('000t)	370	270	228	301	288	307
Zinc ('000t)	644	359	405	702	753	749
Coal seam gas (Mcm)	26,737	34,358	35,404	37,600	39,904	40,657

Source: Office of the Chief Economist and Department of Resources.

Agriculture

The agriculture, forestry and fishing industry in Queensland accounted for 2.8% of Queensland's industry gross value added (nominal) and 20.4% of Australia's total agricultural output in 2020-21. The bulk of Queensland's agricultural production has traditionally been exported, providing a significant contribution to Queensland's foreign earnings.

In 2020-21, 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 rose 4.8% in 2020-21. This was driven by gains in the gross value of cotton (up 424.5% to A$0.5 billion), cereals (up 80.1% to A$0.9 billion), sugar cane (up 8.5% to A$1.2 billion) and fruit and vegetables and nuts (up 1.5% to A$2.9 billion.

The following table presents figures on the nominal gross value and volume of agricultural commodities produced in Queensland over the five years to 2020-21.

Queensland's Major Agricultural Commodities – Nominal value and volume of production

	2016-17	2017-18	2018-19	2019-20	2020-21(a)
Gross Value (A$m)					
Cattle and calves	5,483	5,248	5,447	6,126	5,491
Poultry	650	561	587	568	600
Pigs	293	248	289	363	367
Sheep and lambs	59	55	58	67	65
Sugar cane	1,527	1,234	1,192	1,060	1,150
Wool	76	98	108	79	65
Chickpeas	744	377	136	133	180
Cereals	894	826	720	513	924
Fruit and vegetables and nuts	2,921	3,301	3,180	2,879	2,922
Dairying (total whole milk production)	251	230	219	215	219
Cotton	622	882	279	102	535
Other	1,604	1,657	1,606	1,632	1,877
Total agriculture	**15,124**	**14,717**	**13,821**	**13,737**	**14,395**
Volume of Production					
Beef and veal ('000 tonnes)	1,025	1,077	1,111	1,112	923
Sugar cane ('000 tonnes)(b)	34,410	31,472	30,489	28,443	29,330
Wool (tonnes)(c)	4,763	5,042	3,953	4,102	4,946
Wheat ('000 tonnes)	1,502	765	420	418	1,103
Cotton lint ('000 tonnes)	316	320	164	31	222

(a) Gross value figures are estimates provided by the Queensland Department of Agriculture and Fisheries.
(b) Calendar year data.
(c) Taxable wool received by brokers and purchased by dealers from wool producers.

Sources: ABS Livestock Product, Australia; ABS Livestock and Meat, Australia; Queensland Department of Agriculture and Fisheries, *Queensland AgTrends 2020-21*; Australian Sugar Milling Council; Australian Government Department of Agriculture and Water Resources; *Australian Crop Report December 2020*.

Other Primary Industries

Forestry and logging

The value of Queensland's forestry and logging production is estimated to have 11.3% to A$251 million in 2020-21. 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 fallen 3.3% to A$404 million in 2020-21. Commercial fishing operations constituted 42% of the fisheries output (in value terms), with the remaining portion sourced from aquaculture and recreational fishing.

Manufacturing

In 2020-21, the manufacturing industry accounted for 6.5% of Queensland's industry gross value added (nominal). Queensland's share of Australia's total manufacturing output was 19.3% in 2020-21.

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 non-rural goods, including processed minerals and metals, totaled A$8.6 billion in 2020-21, up 5.3% from the previous year.

Construction

The Queensland construction industry directly contributed 8.0% to State GVA, whilst also providing 8.9% of employment in the State in 2020-21.

- Dwelling investment rose 10.1% in 2020-21, the first annual increase following three consecutive declines.
    - Dwelling investment in Queensland has risen strongly since the pandemic-induced low in mid-2020, rising 30.6% over the period from June quarter 2020 to September quarter 2021. This growth has been driven by both the construction of new and used dwellings and renovation activity.
    - A combination of record low interest rates (and indications they would stay low for an extended period), along with generous government stimulus and incentives, drove strong increases in building approvals and lending indicators throughout 2020 21, boosting the outlook for dwelling investment, particularly for detached houses.
- Non-dwelling construction – which consists of non-residential building (shops, offices, factories, etc.) and engineering construction (mines, ports, roads, etc.) – fell 8.6% in 2020-21.
    - New engineering construction in Queensland fell 9.2% in 2020-21, following consecutive declines of 14.0% and 12.6% in 2018-19 and 2019-20.

- Non-residential building construction fell 7.9% in 2020-21, following consecutive declines of 19.3% and 0.6% in 2018-19 and 2019-20.

Services

Transport

Queensland has 16 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. In 2018-19 (pre-pandemic), the total tonnage throughput via Queensland port systems was estimated at 359.5 million tonnes (up 1.6% over the year).

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 with 23.6 million passenger transiting in 2018-19 (pre-pandemic). Following several years of construction, in July 2020 the Brisbane airport opened its completed new runway, which is expected to double the airport's 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 completed the initial build phase of the national broadband network (the "NBN") in June 2020. The NBN is delivered through a "multi-technology mix" network comprising fibre-to-the-premises, fibre-to-the-node, fibre-to-the-basement, fibre-to-the-curb, hybrid fibre coaxial, fixed wireless and satellite technologies. The NBN is the default Statutory Infrastructure Provider (the "SIP") for all of Australia and, where it is the SIP, it must meet legal obligations, including in relation to minimum service speed. Within its capital constrains, NBN Co will continue to upgrade the network technologies to support retailers to meet demand from end users which exceeds these minimum requirements, including implementing current plans to expand access to peak download speeds of up to 1 gigabit per second. As at December 2, 2021, a total of 2,404,508 homes/businesses have been declared as ready to connect in Queensland, while a total of 1,649,442 homes/businesses have had services activated.

Tourism

Tourism directly accounted for an estimated 3.1% of overall output (gross value added, at basic prices) in the State in 2019-20 (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 1.7 million international tourists (defined as those arriving for holiday or visiting friends and relatives) visited Queensland in 2020-21. In total, they spent 26.3 million nights in the State with an average length of stay of 15.4 nights. Due to COVID-19-induced travel restrictions, the number of international tourists in Queensland fell sharply by 29.0% in 2019–20, with the number of tourist nights falling 26.9%. International border closures have been in place since March 20, 2020, which resulted in further declines in tourist nights in 2020–21 (down 96.6% to just 901,000 tourist nights.

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 19.6 million nights in Queensland in 2020–21, down 30.2% from 2019–20 following a 19.4% decline in 2019–20 due to COVID-19 travel restrictions.

FINANCIAL RELATIONSHIP WITH THE COMMONWEALTH OF AUSTRALIA

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 excise duty, a goods and services tax and 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 which offsets the differences in revenue raising capacity and the cost of delivering services between states, such that every state has the capacity to delivery comparable services and associated infrastructure at a similar tax burden.

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 among 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 2021–22, Queensland will receive around A$15.380 billion in GST revenue as published in the 2021-22 Budget Update: Mid-Year Fiscal and Economic Review. Queensland is currently assessed by the Commonwealth Grants Commission as requiring more than an equal per capita share of the GST distribution.

The Intergovernmental Agreement on Federal Financial Relations

On March 26, 2008, the Council of Australian Governments agreed to implement a new framework for federal financial relations. The focus of the new framework was to significantly reduce Commonwealth prescriptions on service delivery by the states, in conjunction with clearer roles and responsibilities and outcomes-based public accountability.

A new agreement — the Intergovernmental Agreement on Federal Financial Relations — commenced on January 1, 2009. The main features of the new framework included:

- a reduction in the number of specific purpose payments, without reducing the overall level of payments. A large number of these payments were aggregated into five broader streams of funding supported by new national agreements in the areas of healthcare, schools, skills and workforce development, disability services and housing.
- a focus on outcomes that improve the well-being of Australians, through improvements in the quality, efficiency and effectiveness of government service delivery, with reduced Commonwealth prescriptions on how the States achieve outcomes or deliver services, and enhanced accountability to the public for outcomes achieved or outputs delivered.
- greater funding certainty to the States, with the new national agreements to be ongoing with periodic reviews to ensure the maintenance of funding adequacy and the relevance of objectives.
- the provision of National Partnership payments by the Commonwealth to the States to support the delivery of specified projects and facilitate or reward nationally significant reforms.
- the continued provision of all GST revenue to the States.

An ongoing task for Queensland and other governments is to ensure the original intent of the framework is maintained, given the different and competing priorities sometimes facing state, territory and Australian Governments.

New governance arrangements — Australian federal relations

In May 2020, the Australian Government and state and territory governments agreed to new national governance arrangements, including reforming the Council of Australian Governments as a new National Federation Reform Council.

First Ministers will continue meeting as National Cabinet and Treasurers will continue to meet as the Council on Federal Financial Relations (the "CFFR"). Under the new arrangements, the CFFR will have responsibility for overseeing the financial relationship between the Commonwealth and the states and territories. This includes taking responsibility for all funding agreements, including National Partnership Agreements, complementing its existing responsibility for overseeing the Intergovernmental Agreement on Federal Financial Relations.

National Health reform

The National Health Reform Agreement (the "NHRA") commenced on July 1, 2012. In May 2020, an Addendum to the 2011 NHRA was signed by all jurisdictions and is to apply from July 1, 2020 to June 30, 2025. Funding is being provided through a combination of activity-based funding for larger hospitals and block funding for smaller regional hospitals. Under the Addendum, the Commonwealth funds 45% of the efficient growth in public hospital services, subject to a 6.5% national cap on the growth of NHRA funding, irrespective of demand growth.

In response to the COVID-19 outbreak, the Commonwealth offered jurisdictions a National Partnership Agreement on COVID-19 Response (the "NPACR"). Under the NPACR, the Commonwealth will provide a 50% contribution for costs incurred by state health services in responding to the COVID-19 outbreak. Funding is uncapped, demand driven and will cover costs incurred from January 21, 2020 (when the virus was first identified as a "Listed Human Disease" under the Biosecurity Act 2015 (Cth)).

The health response to COVID-19 has necessitated the temporary suspension of non-urgent health activity, such as most elective surgeries. Consequently, the Commonwealth has provided a hospital funding guarantee for 2019–20, 2020–21 and 2021–22. Under the guarantee, the Commonwealth will provide to Queensland, as a minimum, a set level of combined funding under the NHRA and the hospital services component of the NPACR. In 2021–22, it is estimated the Commonwealth will provide Queensland with A$5.659 billion under the NHRA, including A$220 million in NPACR funding.

Quality Schools

Australian Government funding for Queensland Government schools under the Quality Schools policy, excluding GST, will be A$2.158 billion in 2021–22 (A$9.321 billion over four years to 2024-25). Non-government schools funding, including GST, will be A$3.472 billion in 2021–22 (A$14.894 billion over four years to 2024-25).

2021 Commonwealth Grants Commission ("CGC") Report on GST Revenue Sharing Relativities

In February 2021, the CGC released its Report on GST Revenue Sharing Relativities – 2021 Update (the "2021 CGC Update Report") which considered changes in state circumstances to determine the distribution of GST. The 2021 CGC Update Report recommended an increase in Queensland's share of GST revenue, with an underlying impact of A$1,023 million in 2021-22 incorporating changes in population, growth in the GST pool and changes in relative fiscal capacity.

An increase to Queensland's GST share is based on the CGC's determination that Queensland has lower fiscal capacity per capita compared to other states. Queensland is assessed to have higher spending needs for education and health and lower revenue raising capacity for land tax and transfer duty which is partially offset by a higher capacity to raise mining royalties as a result of higher coal prices and a greater share of Commonwealth payments.

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 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 Act for the Legislative Assembly and one for all other agencies.

2020-21 Budget, COVID-19 Fiscal and Economic Review and Update on the Queensland Fiscal Position

With the onset of the coronavirus (COVID-19) pandemic in Australia in the first quarter of 2020, and in line with the Australian government and other State and Territory governments, Queensland's 2020-21 Budget was delayed until December 2020 and Queensland's 2020-21 Mid-Year Fiscal and Economic Review (each such annual review, the "MYFER") was indefinitely postponed.

On July 23, 2020, the Queensland Treasurer released an Update on the Queensland Fiscal Position following the Fiscal and Economic Outlook provided by the Federal Treasurer. In this update, operating deficits were projected for 2019–20 and 2020-21 with GST revenues expected to fall and expenditure grow in the form of initiatives to protect Queenslanders' health, Queensland jobs and Queensland businesses.

On September 7, 2020, the Queensland Government released the COVID-19 Fiscal and Economic Review (the "C19-FER") covering revised estimates for the 2019–20 and 2020–21 years. Net operating deficits were expected for 2019-20, in line with the July 2020 update with the 2020–21 deficit falling slightly from the estimate at that time.

Total General Government Sector revenue in 2019–20 and 2020-21 was estimated to be 3.7% and 8.9% lower respectively than the 2019–20 MYFER reflecting the impact of the COVID-19 pandemic and the resulting sharp declines across all major revenue lines.

General Government Sector expenses in 2019–20 and 2020–21 were estimated to increase 6.4% and 4.7% respectively since the 2019-20 MYFER as the Government provided significant immediate stimulus and longer-term economic recovery packages to support and assist businesses, households and communities.

The 2020–21 Budget was handed down on December 1, 2020 with a key focus on economic recovery supported by the Queensland Economic Recovery Plan published in August 2020.

Total expenses were forecast to grow at an average annual rate of 1.6% over the four years to 2023–24. From 2020–21, revenues were projected to grow at a faster rate than expenses. While deficits were projected across the forward estimates, the deficit position was expected to improve substantially through to 2023–24 as the economy recovered and support measures were no longer required.

The State also committed to a substantial infrastructure investment program with a total 4-year capital program of A$56 billion, including A$43.3 billion in the General Government sector, to support the government's Economic Recovery Plan by driving economic growth and job creation and to give industry confidence to invest and generate jobs.

Responding to COVID-19 and the subsequent focus on economic recovery led to an unavoidable increase in borrowings, driven by the General Government Sector. Despite rising debt, the serviceability of borrowings remained strong primarily due to a record low interest rate environment.

AASB 1059 *Service Concession Arrangements* applied to public sectors in Australia from July 1, 2020 and had a significant impact on the State's balance sheet, increasing assets by A$6.5 billion and liabilities (not borrowing) by a comparable amount.

2021-22 State Budget and 2021-22 Budget Update: MYFER

The 2021–22 Budget, handed down on June 15, 2021, focused on the delivery of the Economic Recovery Plan and supporting jobs following the successful containment of COVID-19 in the state. The continued delivery of high quality frontline services and infrastructure and delivery of the government's election commitments remains a key focus.

The 2021–22 Budget committed A$52.216 billion over four years to fund construction of critical infrastructure and capital works with a focus on maintaining a sustainable program of works through to 2024-25.

The economy recovered sooner and stronger than forecast in the 2020–21 Budget, translating to higher-than-expected increases in key revenue streams. Coupled with expenditure restraint and the continued implementation of the government's Savings and Debt Plan, operating deficits were lower than estimated at the 2020–21 Budget with a modest return to surplus projected in 2024–25.

The 2021-22 Budget Update: Mid-Year Fiscal and Economic Review was released on December 16, 2021. A deficit over the four years to 2024–25 of A$4.289 billion is A$2.451 billion lower than expected at the 2021–22 Budget, with the 2021–22 year being revised upwards predominantly due to a temporary increase in royalty revenue along with higher than expected transfer duties.

Revenue across the four years to 2024–25 is expected to grow an average of 3.4% while expenses are expected to grow an average of just 3% over the same period.

Fiscal Principles

The Financial Accountability Act 2009 (Qld) requires the Treasurer to prepare and table in the Legislative Assembly a Charter of Fiscal Responsibility (the "Charter"). 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 order to ensure the Fiscal Principles remained fit for purpose and provided a balanced and sensible path to restore Queensland's fiscal buffers following the COVID-19 pandemic, the Government developed a new Charter to inform the 2021–22 Budget strategy. The new Fiscal Principles provide objective measures supporting the government's medium-term strategy for fiscal recovery.

Fiscal Principle 1 – Stabilize the General Government Sector net debt to revenue ratio at sustainable levels in the medium term, and target reductions in the net debt to revenue ratio in the long term.

A key component of the fiscal strategy is to stabilize debt at a sustainable level in the medium term. As revenues recover and expenditure growth is managed, the net debt to revenue ratio is forecast to moderate towards the end of the forward estimates, only increasing from 57% to 60.5 % between 2023–24 and 2024–25.

Net operating deficits over the forward estimates are lower than were forecast in the 2020–21 Budget. As a result, the increase in net debt has also been less than anticipated. Net debt is now expected to moderate at a lower level than previously forecast, additionally offset by an increase in the value of assets being contributed to the Queensland Future Fund – Debt Retirement Fund (the "DRF"). The balance of the DRF is estimated to improve the rating agencies' assessment of the state debt when assessing Queensland's debt burden and credit rating.

Queensland's net debt to revenue ratio of 39% in 2021–22 compares favorably with that of its peers.

Fiscal Principle 2 – Ensure that average annual growth in General Government Sector expenditure in the medium term is below the average annual growth in General Government Sector revenue to deliver fiscally sustainable net operating surpluses.

The new Fiscal Principle 2 is designed to provide a broad measure of expenditure growth management. It replaces the previous Fiscal Principle 6, which aimed to ensure growth in employee expenses was sustainable through measuring full-time equivalent employee growth.

Over the forward estimates, revenues are forecast to grow by an average of 3.9% per annum, relative to average expenditure growth of 2.3% with an operating surplus forecast to be achieved in 2024–25.

Fiscal Principle 3 – Target continual improvements in net operating surpluses to ensure that, in the medium term, net cash flows from investments in non-financial assets (capital) will be funded primarily from net cash inflows from operating activities. The capital program will focus on supporting a productive economy, jobs, and ensuring a pipeline of infrastructure that responds to population growth.

The government's A$50 billion Infrastructure Guarantee has ensured the maintenance of a substantial capital program through the COVID-19 crisis and a capital program of A$52.216 billion is planned over the 4 years to 2024–25.

From 2021-22, new capital investment is expected to be increasingly funded from net cash inflows from operating activities. By 2024-25, 55% of the investment in non-financial assets is expected to be funded from operating cash, a substantial improvement on the 2020–21 Budget.

This positions Queensland well for continued improvement beyond the forward estimates period towards the medium-term goal of funding capital primarily through operating cash surpluses.

Fiscal Principle 4 – Maintain competitive taxation by ensuring that, on a per capita basis, Queensland has lower taxation than the average of other states.

Compared to the previous charter, this principle has been adjusted to directly measure Queensland's competitiveness relative to other jurisdictions, rather than as a fixed proportion of GSP.

Based on the latest available outcomes, Queensland's taxation per capita was A$771 less than the average of other jurisdictions in 2019–20. On average, Queenslanders paid A$1,078 less tax than New South Wales residents and A$761 less than Victorian residents.

Using the latest forecasts, Queensland’s taxation per capita of A$3,328 in 2021–22 compares favorably to an average of A$3,814 per capita across the other jurisdictions.

Fiscal Principle 5 – Target the full funding of long-term liabilities such as superannuation and workers’ compensation in accordance with actuarial advice.

This fiscal principle continues to be a long-standing Queensland Government priority and a key element of Queensland’s financial management. A commitment to this principle will continue through the economic and fiscal recovery from the COVID-19 crisis, and it will remain part of the long-term fiscal strategy.

Table 1 Key Financial Aggregates
(UPF Basis)

	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual
	A$ million			
General Government Sector:				
Revenue	58,087	59,828	57,778	62,732
Expenses	56,337	58,843	63,505	63,669
Net operating balance	1,750	985	-5,728	-937
Purchases of non-financial assets	5,126	5,764	6,306	6,835
Fiscal balance	-587	-2,207	-9,164	-5,015
Public Non-Financial Corporations Sector:				
Revenue	13,641	14,256	13,589	13,240
Expenses	11,759	12,587	12,661	12,078
Net operating balance	1,882	1,669	928	1,162
Purchases of non-financial assets	2,509	2,687	3,156	3,157
Fiscal balance	1,785	1,471	305	637
Non-Financial Public:				
Revenue	66,164	68,329	66,171	71,228
Expenses	64,381	67,368	72,056	71,739
Net operating balance	1,783	961	-5,886	-511
Purchases of non-financial assets	7,643	8,460	9,482	10,007
Fiscal balance	-658	-2,439	-9,965	-5,141

Note: Where applicable, balances have been restated for changes in accounting policies, presentational and timing differences and errors.

Operating Statement

2020-21 Outcome

On a Uniform Presentation Framework ("UPF") basis, the General Government Sector recorded an operating deficit of A$937 million in 2020-21, compared to a restated operating deficit of A$5,728 million in 2019–20. Since the COVID-19 pandemic first reached Queensland, the Government has implemented a strong health response, introduced immediate financial support for households, businesses and industry and initiated measures to secure Queensland's long term economic recovery.

The fiscal balance decreased from a deficit of A$9,164 million in 2019–20 to deficit of A$5,015 million in 2020-21 mainly driven by the improved net operating balance, offset to an extent by higher purchases of non-financial assets.

Revenue

Revenue from transactions increased by 8.5% (or A$4,954 million) in 2020–21 after decreasing by 3.45% (or A$2,064 million) in 2019-20.

Commonwealth grants are the principal form of revenue for the State, accounting for just over half of budgeted General Government revenue, with taxes contributing around a quarter. Commonwealth and other grants increased by A$5,369 million in 2020–21, mainly due to higher GST revenue reflective of stronger national household spending and dwelling investment as the economy recovered from the initial effects of the COVID-19 pandemic in 2020, and an uplift in payments principally for road infrastructure and the health response to the pandemic.

Increased taxation revenue in 2020–21 compared to 2019-20 (A$1,664 million) was primarily the result of improved economic conditions following the initial impacts of COVID-19 and primarily driven by recovery in transfer duty on the sale of residential properties.

GGS other revenue was A$1,767 million lower in 2020–21 than in 2019-20, mainly due to lower coal and oil prices and a moderation in coal export volumes.

Expenses

Based on actual results, General Government expenses increased by just A$164 million (0.26%) in 2020-21. Despite the Government's continuing COVID-19 health response and economic recovery measures, expenses were contained due to departments achieving savings targets under the Government's Savings and Debt plan and deferral of public service wage increases.

Employee and superannuation expenses were 2.1% higher in 2020–21 broadly consistent with the estimate in the 2021–22 Budget. The deferral of scheduled increases in GGS wages from 2020–21 to the following two years to assist in funding the response to the COVID-19 pandemic has moderated growth relative to previous financial years.

Other operating expenses were A$750 million (4.4%) lower than 2019-20 mainly due to one-off self-insurance costs associated with litigation and claims being provided for in 2019-20. Partly offsetting lower claim costs in 2020–21 were COVID-19 health response measures, including quarantine activities.

Depreciation and amortization costs increased by A$154 million to A$4.187 billion for the GGS, mainly due to increases in the stock of infrastructure.

Interest costs increased by A$133 million to A$1,619 million for the GGS, mainly due to higher borrowings at the end of 2019–20 as a result of the COVID-19 support and recovery measures and lower cash inflows from taxes, GST and royalties in the immediate wake of the pandemic.

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)

	2017-18 Actual	2018-19 Actual	2019-20 Actual	2020-21 Actual
		(A$ million)		
Purchases of Non-Financial Assets:				
General Government Sector	5,126	5,764	6,306	6,835
Public non-financial corporations sector	2,509	2,687	3,156	3,157
Non-financial public sector[1]	7,643	8,460	9,482	10,007
Borrowings:				
General Government Sector	31,520	32,202	44,253	54,078
Public non-financial corporations sector	37,992	38,707	40,700	41,558
Non-financial public sector	69,511	70,909	84,944	95,626

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 2020-21 was A$209,625 million as at June 30, 2021.

Borrowings in the General Government sector were A$54,078 million at June 30, 2021, A$9,825 million more than in 2019–20. Increases in borrowings arose largely from additional borrowing from QTC for capital expenditure and increased leases and other loans mainly associated with major rail and associated infrastructure projects.

Capital Purchases

On a UPF basis, the General Government's purchases of non-financial assets (i.e. capital expenditure) in 2020-21 was A$6,835 million, A$529 million more than in 2019–20.

Forward Estimates

Table 3 below provides a summary of the State's Forward Estimates on a UPF basis.

Table 3
Key financial aggregates forecasts (Summary) – 2020-21 Budget Update: MYFER

	2021-22 Projection	2022-23 Projection	2023-24 Projection	2024-25 Projection
	A$ millions			
General Government Sector:				
Revenue	68,235	67,531	70,072	71,781
Expenses	69,727	69,928	70,631	71,623
Net operating balance	(1,492)	(2,397)	(559)	158
Purchases of non-financial assets	8,317	8,078	7,674	7,642
Fiscal balance	(6,726)	(6,490)	(3,568)	(2,667)
Public Non-Financial Corporations Sector:				
Revenue	12,807	12,262	11,852	12,053
Expenses	11,948	11,265	11,061	11,246
Net operating balance	858	997	790	808
Purchases of non-financial assets	3,655	3,691	3,464	3,392
Fiscal balance	37	188	240	369
Non-Financial Public Sector:				
Revenue	76,183	75,008	77,510	79,549
Expenses	77,311	76,986	77,777	79,032
Net operating balance	(1,128)	(1,978)	(267)	517
Purchases of non-financial assets	11,973	11,769	11,137	11,035
Fiscal balance	(7,184)	(6,880)	(3,826)	(2,747)

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)

	2021-22 Projection	2022-23 Projection	2023-24 Projection	2024-25 Projection
	A$ millions			
Purchases of non-financial assets:				
General Government Sector	8,317	8,078	7,674	7,642
Public non-financial corporations sector	3,655	3,691	3,464	3,392
Non-financial public sector	11,973	11,769	11,137	11,035
Borrowings(1):				
General Government Sector	63,471	73,115	79,713	84,721
Public non-financial corporations sector	41,603	41,538	41,614	41,969
Non-financial public sector	105,064	114,643	121,318	126,679

(1) Borrowings inclusive of leases, securities and derivatives.

EXHIBIT (g)

Consents

CONSENT

I hereby consent to the use of (i) the Chairman's and Chief Executive's Report found on pages 5 to 7 of the Queensland Treasury Corporation's Consolidated Financial Statements for the year ended June 30, 2021 (the "Consolidated Fiscal Year Financial Statements") and (ii) the Certificate of the Queensland Treasury Corporation, dated August 19, 2021, found on page 55 of the Consolidated Fiscal Year Financial Statements, which Consolidated Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Philip Noble
Mr. Philip Noble
Chief Executive
Queensland Treasury Corporation

Date: January 14, 2022

CONSENT

I hereby consent to the use of (i) the Chairman's and Chief Executive's Report found on pages 5 to 7 of the Queensland Treasury Corporation's Consolidated Financial Statements for the year ended June 30, 2021 (the "Consolidated Fiscal Year Financial Statements") and (ii) the Certificate of the Queensland Treasury Corporation, dated August 19, 2021, found on page 55 of the Consolidated Fiscal Year Financial Statements, which Consolidated Fiscal Year Financial Statements are hereby filed as exhibit (c)(i) in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Gerard Bradley
Mr. Gerard Bradley
Chairman, Queensland Treasury Corporation

Date: January 14, 2022

CONSENT

I hereby consent to the use of the Auditor General's title under the heading "Experts and Public Official Documents" in connection with the information specified with respect to the Auditor General under such heading and to the use of (i) the Report found on pages 56 to 60 of the Queensland Treasury Corporation's Consolidated Financial Statements for the year ended June 30, 2021 (the "QTC Consolidated Fiscal Year Financial Statements") and (ii) the Report found on pages 5-110 to 5-115 of the Government of Queensland's Consolidated Financial Statements for the year ended June 30, 2021 (the "QLD Consolidated Fiscal Year Financial Statements"), which QTC Consolidated Fiscal Year Financial Statements and QLD Consolidated Fiscal Year Financial Statements are hereby filed as exhibits (c)(i) and (c)(ii), respectively, in the Form 18-K to be filed and incorporated by reference in the Prospectus included in the Registration Statement dated December 10, 2009 filed by Queensland Treasury Corporation and the Treasurer on behalf of the Government of Queensland with the United States Securities and Exchange Commission (File No. 333-147600).

By: /s/ Brendan Worrall
Brendan Worrall
Auditor-General, State of Queensland

Date: January 14, 2022