

# **QUEENSLAND BUDGET** 2019–20

## **Service Delivery Statements**

Queensland Treasury

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# 2019–20 Queensland Budget Papers

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## Service Delivery Statements

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## Queensland Treasury

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# Portfolio overview

## Ministerial and portfolio responsibilities

The table below represents the agencies and services which are the responsibility of the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships:

### **Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships**

**The Honourable Jackie Trad MP**

### **Queensland Treasury**

**Under Treasurer: Frankie Carroll**

**Service area 1:** Economic and Fiscal Coordination

**Service area 2:** Agency Performance

**Service area 3:** Commercial Services

**Service area 4:** Revenue Management

The Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships is also responsible for:

### **Motor Accident Insurance Commission/Nominal Defendant**

**Insurance Commissioner: Neil Singleton**

**Objective:** To provide a viable and equitable personal injury motor accident insurance scheme and continually improve the operational performance of the Nominal Defendant.

### **Queensland Productivity Commission**

**Principal Commissioner: Kim Wood**

**Objective:** To provide independent advice on complex economic and regulatory issues and propose policy reforms to drive economic growth, lift productivity and improve living standards across Queensland.

# Cross River Rail Delivery Authority

Chief Executive Officer: Graeme Newton

**Objective:** To deliver economic development and transport outcomes that maximise benefits for Queenslanders.

Additional information about these agencies can be sourced from:

[www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)

[www.maic.qld.gov.au](http://www.maic.qld.gov.au)

[www.qpc.qld.gov.au](http://www.qpc.qld.gov.au)

[www.crossriversrail.qld.gov.au](http://www.crossriversrail.qld.gov.au)

# Departmental overview

Queensland Treasury's vision is to grow the Queensland economy and improve the wellbeing of all Queenslanders. Queensland Treasury delivers on this vision through leveraging a government-wide perspective to provide trusted, impartial and influential advice and services to its clients, and partner across government for better outcomes in relation to the economy and state finances, revenue and commercial services.

Queensland Treasury contributes to the Government's objectives for the community *Our Future State: Advancing Queensland's Priorities*:

- Create jobs in a strong economy particularly in our regions by working with key agencies across government to create jobs and grow the Queensland economy
- Be a responsive government by introducing client-centric services for Office of State Revenue (OSR) clients including an online self-service portal and digital assistants to provide seamless, accessible, easy to use government services.

Queensland Treasury's key priorities for 2019-20 include:

- delivering economic and regulatory reform policy advice to support sustainable economic and employment growth aligned with the Government's Economic Plan
- establishing a new Service Priority Review Office, in partnership with the Department of the Premier and Cabinet (DPC), to drive the realisation of reprioritisation targets, by conducting reviews of Queensland public sector agencies and programs
- delivering targeted payroll tax initiatives to support businesses as they grow, create employment and boost the economy including: increasing the exemption threshold from \$1.1 million to \$1.3 million; delivering a 1 per cent discount for businesses that have more than 85 per cent of their employees outside of South East Queensland; delivering a rebate of up to \$20,000 per year for businesses that employ more full-time staff; and continuing the 50 per cent rebate for eligible apprentices and trainees
- providing commercial and financial advice to support delivery of major government projects
- increasing the supply of long-term, affordable rental properties to provide greater housing options for low to moderate income earners through the Build-to-Rent Pilot Project
- negotiating with the Australian Government on all future City Deals for Queensland
- removing the requirement for Australian citizens and permanent residents living overseas to pay the absentee land tax surcharge, and applying the surcharge to foreign companies and trusts as well as individuals, and increasing the rate by 0.5 per cent
- continuing engagement with the Australian Government and Commonwealth Grants Commission on the review of GST distribution
- assisting CleanCo Queensland, the new government-owned clean energy generator to establish trading and business operations in 2019, and monitoring its performance as a government-owned corporation
- providing lifetime treatment, care and support to people who sustain eligible serious personal injuries in motor accidents in Queensland, through the National Injury Insurance Scheme, Queensland.

The major external factors that could impact Queensland Treasury in 2019-20 include:

- global financial and economic uncertainty impacting Queensland and its trading partners
- Australian Government funding decisions, including health funding agreements, the distribution of GST revenue, and transport and other infrastructure
- climate risks, with the potential for increased prevalence of natural disasters impacting Queensland and continuing drought
- uncertainty regarding Australian Government energy policy.

# Service Performance

## Performance Statement

### Economic and Fiscal Coordination

#### Service Area Objective

To provide economic and fiscal strategy advice which promotes economic growth for the benefit of all Queenslanders, including coordination of the State Budget to deliver the Government's policy objectives.

#### Services

- Fiscal coordination
- Economic policy, analysis and forecasting
- Statistical services

#### Description

This service area's key functions include:

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

#### Sources of revenue

Total cost \$'000	State contribution \$'000	User charges & fees \$'000	C'wth revenue \$'000	Other revenue \$'000
50,050	44,086	5,449	..	515

#### Staffing<sup>1,2,3</sup>

2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget
177	184	206

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate. Nine corporate FTEs are allocated to non-departmental services reflecting staff providing corporate support to the Motor Accident Insurance Commission and the Nominal Defendant.
3. Queensland Treasury manages the departmental workforce within its approved FTE cap. The number of FTEs allocated across service areas is proactively managed and adjusted on an ongoing basis to use available resources efficiently and effectively in the delivery of desired outcomes for emerging departmental priorities.

## 2019-20 service area highlights

Service area highlights for 2019-20 include:

- delivering and implementing the 2019-20 Queensland Budget and the 2019-20 Mid Year Fiscal and Economic Review
- delivering economic and regulatory reform policy advice to support sustainable economic and employment growth aligned with the Government's Economic Plan
- establishing a new Service Priority Review Office, in partnership with DPC, to drive the realisation of reprioritisation targets, by conducting reviews of Queensland public sector agencies and programs
- working with DPC (lead agency) to coordinate delivery of the Government's *Our Future State: Advancing Queensland's Priorities* agenda
- remaining responsive to the statistical needs of Government to inform policy development on key priorities including *Our Future State: Advancing Queensland's Priorities*
- delivering the *2018-19 Report on State Finances* and supporting agencies to implement new accounting standards that apply from 2019-20.

Economic and Fiscal Coordination	2018-19 Target/Est	2018-19 Est Actual	2019-20 Target/Est
<b>Service: Fiscal coordination</b>			
<b>Service standards</b>			
<i>Effectiveness measures</i>			
Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio <sup>1,2</sup>	56%	54%	64%
Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenues rather than borrowing <sup>1</sup>	60%	79%	60%
The capital program will be managed to ensure a consistent flow of works to support jobs and the economy and reduce the risk of backlogs emerging <sup>1</sup>	Met	\$6,060 million	\$6,727 million
Maintain competitive taxation by ensuring that General Government Sector own-source revenue remains at or below 8.5% of nominal gross state product, on average, across the forward estimates <sup>1</sup>	8.2%	8.3%	8.5%
Target full funding of long-term liabilities such as superannuation and WorkCover in accordance with actuarial advice <sup>1</sup>	Met	Met	Full funding
Maintain a sustainable public service by ensuring that overall growth in full-time equivalents (FTE) employees, on average over the forward estimates, does not exceed population growth <sup>1,3</sup>	1.7%	1.68%	1.68%
<i>Efficiency measure</i>			
Average cost per hour of advice and support output <sup>4</sup>	\$131.18	\$126.66	\$131.18
<b>Service: Economic policy, analysis and forecasting</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Stakeholder and customer satisfaction with Economic Strategy outputs <sup>5</sup>	80%	85%	80%



<b>Economic and Fiscal Coordination</b>	<b>2018-19 Target/Est</b>	<b>2018-19 Est Actual</b>	<b>2019-20 Target/Est</b>
<i>Efficiency measure</i> Average cost per hour of advice and support output <sup>6</sup>	\$118.09	\$106.55	\$112.60
<b>Service: Statistical services</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i> Stakeholder and customer satisfaction with Queensland Government Statistician outputs (rated satisfied or very satisfied) <sup>7</sup>	95%	95%	95%
<i>Efficiency measure</i> Average cost per hour of advice and support output <sup>8</sup>	\$98.65	\$95.84	\$102.17

Notes:

1. These measures are in line with the Government's fiscal principles; further information regarding these measures can be found in *Budget Strategy and Outlook (Budget Paper 2)*.
2. The 2019-20 Target/Estimate includes *AASB 16 Leases* impact. If the *AASB 16 Leases* impact is excluded, the 2019-20 Target/Estimate is 61%.
3. This service standard reflects the Government's sixth fiscal principle designed to balance service delivery and fiscal sustainability by ensuring public service growth does not exceed population growth on average over the forward estimates. This is a whole-of-government measure and Queensland Treasury's role in achieving this is to partner with agencies to manage service delivery within the budget parameters, including operating within full-time equivalent resource allocations.
4. This service standard measures the average cost per hour for the provision of advice to agencies. The methodology is calculated based on the annual budget, number of full-time equivalent positions and available working hours.
5. This service standard relates to client satisfaction in relation to Economic Strategy Division's engagement with agencies and stakeholders involved in the policy development process across Government, including its performance in leading and facilitating policy matters in a timely manner. This service standard measures overall client satisfaction considering the quality and timeliness of advice, as well as Economic Strategy's accessibility and outcome focus. It is derived from an annual survey of key clients and stakeholders.
6. This service standard measures the average cost per hour for the provision of advice to agencies. The methodology is calculated based on the annual budget, number of full-time equivalent positions and available working hours.
7. This service standard measures overall client satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from ongoing measurement surveys of clients.
8. This service standard measures the average cost per hour for the provision of advice to agencies. The methodology is calculated based on the annual budget, number of full-time equivalent positions and available working hours.

## Agency Performance

### Service Area Objective

To provide advice and support in relation to line agency performance and public policy development to drive economic growth.

### Description

This service area's key functions include:

- providing economic and fiscally responsible public policy analysis and advice to line agencies, Under Treasurer, Treasurer and Cabinet Budget Review Committee to support government priorities
- managing public policy, fiscal and economic issues across the public sector
- partnering with line agencies to optimise performance, balancing service delivery within budget parameters
- managing and coordinating intergovernmental fiscal relations issues
- managing whole-of-government banking and payment services contracts.

### Sources of revenue

Total cost \$'000	State contribution \$'000	User charges & fees \$'000	C'wth revenue \$'000	Other revenue \$'000
19,820	19,443	370	..	7

### Staffing<sup>1,2,3,4</sup>

2018-19 Adjusted Budget	2018-19 Estimated Actual	2019-20 Budget
98	95	97

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate. Nine corporate FTEs are allocated to non-departmental services reflecting staff providing corporate support to the Motor Accident Insurance Commission and the Nominal Defendant.
3. 2018-19 Budget has been adjusted to reflect the transfer of the Investment Programs from Commercial Services to Agency Performance.
4. Queensland Treasury manages the departmental workforce within its approved FTE cap. The number of FTEs allocated across service areas is proactively managed and adjusted on an ongoing basis to use available resources efficiently and effectively in the delivery of desired outcomes for emerging departmental priorities.

### 2019-20 service area highlights

Service area highlights for 2019-20 include:

- working with line agencies to deliver the Government's *Our Future State: Advancing Queensland's Priorities*
- improving fiscal sustainability by supporting agencies to identify and realise productivity improvements
- continuing engagement with the Australian Government and Commonwealth Grants Commission on the review of GST distribution
- supporting Justice agencies to implement criminal justice initiatives
- working with the Department of Environment and Science to establish the Land Restoration Fund, investing in projects on a commercial basis that deliver land-based carbon abatement, generate environmental and economic co-benefits and protect the future of the Great Barrier Reef
- working with the Department of Housing and Public Works on social housing sustainability
- working with Queensland Health to identify opportunities to improve health outcomes, achieve efficiencies in the health system and improve the delivery of critical infrastructure
- supporting the Department of Education to plan, design and construct new schools

- encouraging the growth of angel and venture capital investment in Queensland through the Business Development Fund's investments in innovative Queensland businesses
- promoting employment growth opportunities and economic development in regional Queensland by supporting the Jobs and Regional Growth Fund, alongside the Department of State Development, Manufacturing, Infrastructure and Planning.

Agency Performance <sup>1</sup>	2018-19 Adjusted Target/Est	2018-19 Est Actual	2019-20 Target/Est
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Overall customer satisfaction with policy and performance advice provided <sup>2</sup>	75%	85%	75%
<i>Efficiency measure</i>			
Average cost per hour of advice and support output <sup>3</sup>	\$106.73	\$102.39	\$107.27

Notes:

1. This service includes Investment Programs which was previously presented in the Commercial Services service area in the 2018-19 *Service Delivery Statement*. The 2018-19 Target/Estimates has been adjusted to accommodate this change. Advice and support on investment programs is provided to customer departments in partnership with representatives across the Agency Performance Group and therefore it is assessed to be part of the Agency Performance effectiveness and efficiency measures.
2. This service standard measures overall customer satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from an annual survey of departmental customers including Chief Finance Officers.
3. This service standard measures the average cost per hour for the provision of advice to agencies. The methodology is calculated based on the annual budget, number of full-time equivalent positions and available working hours.

## Commercial Services

### Service Area Objective

To support economic growth in Queensland by providing timely financial and commercial advice to the Government and by leading major commercial government projects to achieve time, cost, risk and quality objectives.

### Services

- Commercial projects
- Shareholder services
- Financial Provisioning Scheme

### Description

This service area's key functions include:

- providing commercial and financial advice to the Government on major public infrastructure and service projects
- managing the procurement of privately financed major public infrastructure and service projects
- working with government agencies to realise the contracted value of major public infrastructure and service projects through the delivery and operations phases
- providing commercial and policy advice on private sector investment in Queensland
- managing the State's engagement in the Australian Government's Northern Australia Development agenda
- managing the State's project assessment framework to drive rigorous project development across government
- assessing government-owned corporations' (GOCs) capital investments and driving a focus on maximising performance and rates of return through improved commercial focus
- implementing the Financial Provisioning Scheme in partnership with the Departments of Environment and Science, and Natural Resources, Mines and Energy; and the mineral and energy resources sector
- advising the Government on competition policy and legislation, economic regulation and structural policy
- leading the State's negotiations with the Australian and local governments on City Deals and Regional Deals.

### Sources of revenue

Total cost <sup>1</sup> \$'000	State contribution \$'000	User charges & fees \$'000	C'wth revenue \$'000	Other revenue \$'000
33,940	26,879	24,708	..	756

Note:

1. The total cost does not equal to the total sources of revenue due to the Financial Provisioning Scheme (FPS). The FPS receives contributions and fees from mining companies and incurs expenses to manage the FPS under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*. The FPS is established to operate in surplus to mitigate the risk to the State in contributing to rehabilitation. Additionally, the FPS will fund research and rehabilitation grants once it has grown over the next three years.

### Staffing<sup>1,2,3,4,5</sup>

2018-19 Adjusted Budget	2018-19 Estimated Actual	2019-20 Budget
72	83	79

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate. Nine corporate FTEs are allocated to non-departmental service reflecting staff providing corporate support to the Motor Accident Insurance Commission and the Nominal Defendant.
3. 2018-19 Budget has been adjusted to reflect the transfer of the Investment Programs from Commercial Services to Agency Performance.
4. Queensland Treasury manages the departmental workforce within its approved FTE cap. The number of FTEs allocated across service areas is proactively managed and adjusted on an ongoing basis to use available resources efficiently and effectively in the delivery of desired outcomes for emerging departmental priorities.

5. The increase in FTEs between the 2018-19 Adjusted Budget and 2018-19 Estimated Actual mainly relates to resources required for the administration of the Financial Provisioning Scheme which commenced operations on 1 April 2019. Also contributing are six FTEs with the relevant skills being transferred from other government departments for the Native Title Compensation Project Management Office (PMO), following the transfer of the PMO function from the Department of Natural Resources, Mines and Energy to Queensland Treasury during 2018-19.

## **2019-20 service area highlights**

Service area highlights for 2019-20 include:

- providing commercial and financial advice to support delivery of major government projects
- providing project procurement and contract management advice and support on the consideration, delivery and operation of Public Private Partnerships
- delivering the first full year of the new Financial Provisioning Scheme, achieving improved environmental outcomes and reduced financial risk to the State associated with resources sector rehabilitation, and working with the Departments of Environment and Science, and Natural Resources, Mines and Energy to ensure a smooth transition to the scheme for impacted resource industry members
- increasing the supply of long-term, affordable rental properties to provide greater housing options for low to moderate income earners through the Build-to-Rent Pilot Project
- assisting CleanCo Queensland, the new government-owned clean energy generator to establish trading and business operations in 2019, and monitoring its performance as a government-owned corporation
- negotiating with the Australian Government on all future City Deals for Queensland
- working with stakeholders to continue to progress energy and water sector reforms in line with government objectives, and to support government-owned water entities to progress their Dam Improvement Programs
- collaborating with the Department of Natural Resources, Mines and Energy on options to achieve the Government's 50 per cent renewable energy target
- supporting the Queensland Productivity Commission with inquiries, research projects and applying competitive neutrality principles on government business.

<b>Commercial Services</b>	<b>2018-19 Target/Est</b>	<b>2018-19 Est Actual</b>	<b>2019-20 Target/Est</b>
<b>Service: Commercial projects</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Overall customer satisfaction with advice and support provided <sup>1</sup>	80%	86%	80%
<i>Efficiency measure</i>			
Average cost per hour of project services <sup>2</sup>	\$127.98	\$125.11	\$123.92
<b>Service: Shareholder services</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Overall customer satisfaction with advice and support provided <sup>3</sup>	80%	76%	80%
<i>Efficiency measure</i>			
Average cost per hour of advice and support output <sup>4</sup>	\$106.46	\$104.06	\$111.88
<b>Service: Financial Provisioning Scheme</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Overall stakeholder experience in using processes associated with the Financial Provisioning Scheme <sup>5,7</sup>	New measure	New measure	Report Actuals
<i>Efficiency measure</i>			
Administrative costs as a percentage of Fund revenue <sup>6,7</sup>	New measure	New measure	Report Actuals

Notes:

1. This service standard measures overall client satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from an annual survey of key clients and stakeholders.
2. This service standard measures the average cost per hour for providing advice to agencies. The methodology is based on the annual budget, number of full-time equivalent positions and available working hours.
3. This service standard measures overall client satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from an annual survey of government-owned corporations.
4. This service standard measures the average cost per hour for providing advice to agencies. The methodology is based on the annual budget, number of full-time equivalent positions and available working hours.
5. This new service standard reflects the function of the Financial Provisioning Scheme (FPS) under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*. It measures the stakeholder experience considering ease of access to information, suitability of information provided, and ease of completing the process. It is derived from data collected from the stakeholder at the time of interaction with the FPS, and collated on an annual basis.
6. This new service standard is introduced to reflect the function of the FPS under the *Mineral and Energy Resources (Financial Provisioning) Act 2018*. It measures the efficiency with which the Scheme Manager operates the FPS. The methodology is based on the total administrative costs as a proportion of revenue.
7. The FPS commenced on 1 April 2019, as such there is no historical data or industry benchmark currently available to set the 2019-20 Target/Estimate. Queensland Treasury will commence reporting the performance on this service standard in its 2019-20 Annual Report.

## Revenue Management

### Service Area Objective

To enable government, business and community prosperity in Queensland through best practice revenue collection, grants management and penalty debt management.

### Services

- Revenue services
- Penalty debt services

### Description

This service area administers a revenue base of around \$17 billion by delivering and administering simple, efficient and equitable revenue management services for State taxes and royalty revenue. Additional responsibilities include revenue compliance, grant schemes and debt recovery and enforcement activities for Queensland.

This service area achieves its revenue responsibilities by:

- adopting leading e-business practices with high-level client service and support
- providing legislation and revenue policy advice to government
- progressing accessible, digital client services to support innovative business practices
- developing and implementing targeted, fair and efficient infringement enforcement strategies
- leading end-to-end penalty debt management improvements through collaborative stakeholder engagement
- using business intelligence and behaviour insights to enhance revenue collection and penalty debt recovery.

### Sources of revenue

Total cost \$'000	State contribution \$'000	User charges & fees \$'000	C'wth revenue \$'000	Other revenue \$'000
167,650	163,468	3,641	..	541

### Staffing<sup>1,2,3,4</sup>

2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget
638	627	636

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. Corporate FTEs are allocated across the service to which they relate. Nine corporate FTEs are allocated to non-departmental services reflecting staff providing corporate support to the Motor Accident Insurance Commission and the Nominal Defendant.
3. Queensland Treasury manages the departmental workforce within its approved FTE cap. The number of FTEs allocated across service areas is proactively managed and adjusted on an ongoing basis to use available resources efficiently and effectively in the delivery of desired outcomes for emerging departmental priorities.
4. The increase in 2019-20 Budget reflects additional staff required for the increased compliance activities partially offset by the efficiency achieved through the Office of State Revenue's Transformation Program.

### 2019-20 service area highlights

Service area highlights for 2019-20 include:

- enhancing revenue management processes and increasing compliance activities to support the Government's fiscal sustainability agenda and contribute to the creation of a strong economy, jobs growth and increased productivity
- delivering targeted payroll tax initiatives to support businesses as they grow, create employment and boost the economy, including; increasing the exemption threshold from \$1.1 million to \$1.3 million; delivering a 1 per cent

discount for businesses that have more than 85 per cent of their employees outside of South East Queensland; delivering a rebate of up to \$20,000 per year for businesses that employ more full-time staff; and continuing the 50 per cent rebate for eligible apprentices and trainees.

- maximising opportunities for innovation in processes and service delivery through continuing the Office of State Revenue (OSR) transformation program that will deliver client-centric and digitally-enabled business models
- removing the requirement for Australian citizens and permanent residents living overseas to pay the absentee land tax surcharge, and applying the surcharge to foreign companies and trusts as well as individuals, and increasing the rate by 0.5 per cent
- introducing responsive services for clients including an online self-service portal and digital assistants to provide seamless, accessible, easy to use government services.

Revenue Management	2018-19 Target/Est	2018-19 Est Actual	2019-20 Target/Est
<b>Service: Revenue services</b>			
<b>Service standards</b>			
<i>Effectiveness measures</i>			
Customer satisfaction with services provided <sup>1</sup>	70%	70%	75%
Average overdue debt as a percentage of total revenue collected	2%	2%	2%
Total revenue dollars administered per dollar expended – accrual <sup>2</sup>	\$188	\$234	\$210
<i>Efficiency measure</i>			
Cost of delivering a compliance program as a ratio of the compliance revenue assessed <sup>3</sup>	0.096	0.096	0.096
<b>Service: Penalty debt services</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i>			
State Penalties Enforcement Registry (SPER) clearance rate (finalisations/lodgements) <sup>4</sup>	85%	85%	85%
<i>Efficiency measure</i>			
Average cost per \$100 collected <sup>5</sup>	\$9.30	\$9.30	\$9.30

Notes:

1. This service standard measures overall customer satisfaction considering quality, timeliness, staff knowledge, access and outcome. It is derived from customer surveys.
2. The increase between the 2018-19 Target/Estimate and 2018-19 Estimated Actual is mainly due to an increase in royalty revenue as well as the reprofiling of expenses associated with the Office of State Revenue Transformation Program to future years.
3. This service standard represents a ratio of inputs to outputs (in dollar terms). The input is the cost of compliance FTE divided by the output being the compliance revenue assessed under a compliance program. The cost of compliance is based on the employee related expenses, i.e. salaries and wages, annual leave, leave loading, superannuation, long service leave and Workers' Compensation Premium. The lower the ratio the greater the efficiency. The 2019-20 Target/Estimate of 0.096 is based on an average of the last three financial years, excluding significant revenue outliers.
4. The 2019-20 Target/Estimate reflects estimated sustained improved performance over long term historical performance.
5. This service standard measures the costs associated with SPER collecting unpaid debt. This is calculated through total dollar value of collections for SPER, divided by total operating costs. The result of this calculation is multiplied by a factor of 100 to present as costs per \$100 collected.



## Discontinued measures

Performance measures included in the *2018-19 Service Delivery Statements* that have been discontinued or replaced are reported in the following table with estimated actual results.

Queensland Treasury	2018-19 Target/Est	2018-19 Est Actual	2019-20 Target/Est
<b>Service area: Commercial Services</b>			
<b>Service: Financial Provisioning Scheme</b>			
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Overall customer satisfaction with advice and support provided <sup>1</sup>	75%	Discontinued measure	Discontinued measure
<i>Efficiency measure</i>			
Average cost per hour of advice and services <sup>2</sup>	\$110.14	Discontinued measure	Discontinued measure

Notes:

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

# Administered items

Administered activities are those undertaken by departments on behalf of the Government.

Queensland Treasury is responsible for overseeing significant administered revenue and expenses. The department receives a large proportion of the State's taxation, royalties and Australian Government revenue which is used to fund government priorities. The department administers major grant programs and provides funding to a number of statutory bodies, including the Queensland Productivity Commission, the Queensland Competition Authority and the Cross River Rail Delivery Authority.

The department also administers the Government's cash balances and financing requirements, in collaboration with the Queensland Treasury Corporation.

Financial statements and variance explanations in relation to administered items appear in the departmental financial statements.

# Departmental budget summary

The table below shows the total resources available in 2019-20 from all sources and summarises how resources will be applied by service area and by controlled and administered classifications.

Queensland Treasury	2018-19 Budget \$'000	2018-19 Est Actual \$'000	2019-20 Budget \$'000
<b>CONTROLLED</b>			
<b>Income</b>			
Appropriation revenue <sup>1</sup>			
Deferred from previous year/s	28,254	25,086	12,530
Balance of service appropriation	219,392	214,071	245,055
Other revenue	9,319	29,396	34,868
<b>Total income</b>	<b>256,965</b>	<b>268,553</b>	<b>292,453</b>
<b>Expenses</b>			
Economics and Fiscal Coordination <sup>2</sup>	33,622	36,829	50,050
Agency Performance	17,231	17,098	19,820
Commercial Services <sup>3</sup>	25,877	36,363	33,940
Revenue Management <sup>4</sup>	178,157	172,148	167,650
Other <sup>5</sup>	3,377	3,777	3,928
Reconciliation adjustment to the Income Statement <sup>6</sup>	(1,299)	(1,292)	(1,338)
<b>Total expenses</b>	<b>256,965</b>	<b>264,923</b>	<b>274,050</b>
<b>Operating surplus/(deficit)<sup>7</sup></b>	<b>..</b>	<b>3,630</b>	<b>18,403</b>
<b>Net assets<sup>8</sup></b>	<b>80,905</b>	<b>87,113</b>	<b>121,416</b>
<b>ADMINISTERED</b>			
<b>Revenue</b>			
Commonwealth revenue	19,366,694	19,416,783	18,702,531
Appropriation revenue	5,991,751	5,827,867	5,951,953
Other administered revenue	16,436,750	17,134,740	18,034,059
<b>Total revenue</b>	<b>41,795,195</b>	<b>42,379,390</b>	<b>42,688,543</b>
<b>Expenses</b>			
Transfers to government	35,745,600	36,493,679	36,677,844
Administered expenses	6,049,595	5,885,711	6,010,699
<b>Total expenses</b>	<b>41,795,195</b>	<b>42,379,390</b>	<b>42,688,543</b>
<b>Net assets</b>	<b>(34,457,089)</b>	<b>(35,167,477)</b>	<b>(35,183,748)</b>
<b>CAPITAL</b>			
<b>Capital purchases<sup>9</sup></b>			
Total land, buildings and infrastructure	..	..	..
Total plant and equipment <sup>10</sup>	6,125	7,107	561
Total other capital	..	..	..

Queensland Treasury	2018-19 Budget \$'000	2018-19 Est Actual \$'000	2019-20 Budget \$'000
<b>Total capital purchases</b>	<b>6,125</b>	<b>7,107</b>	<b>561</b>

Notes:

1. Includes State and Commonwealth funding.
2. The movement between the 2018-19 Estimated Actual and the 2019-20 Budget is mainly due to a provision for costs associated with emerging whole-of-government priorities and the establishment of the Service Priority Review Office.
3. The increase in the 2018-19 Estimated Actual is mainly due to a one-off cost associated with government-owned corporation CleanCo Queensland.
4. The movement between the 2018-19 Budget, 2018-19 Estimated Actual and 2019-20 Budget is mainly due to costs associated with the Office of State Revenue (OSR) Transformation Program.
5. This represents corporate services to non-departmental services (Motor Accident Insurance Commission and Nominal Defendant).
6. This represents the eliminations upon consolidation for internal trading between services.
7. The operating surplus is associated with the Financial Provisioning Scheme (FPS). The FPS receives contributions and fees from mining companies and incurs expenses to manage the FPS under *the Mineral and Energy Resources (Financial Provisioning) Act 2018*. The FPS is established to operate in surplus to mitigate the risk to the state in contributing to rehabilitation. Additionally, the FPS will fund research and rehabilitation grants once it has grown over the next three years.
8. The increase in the 2019-20 Budget is due to the operating surplus attributable to the FPS and an equity injection associated with additional investment in the Business Development Fund.
9. For more detail on the agency's capital acquisitions please refer to *Capital Statement (Budget Paper 3)*.
10. The increase in the 2018-19 Estimated Actual is mainly due to increased functionality for the Financial Assurance Information Register (FAIR). The decrease in the 2019-20 Budget due to the reduced capital expenditure for the OSR Transformation Program and the finalisation of the FAIR system.

# Budgeted financial statements

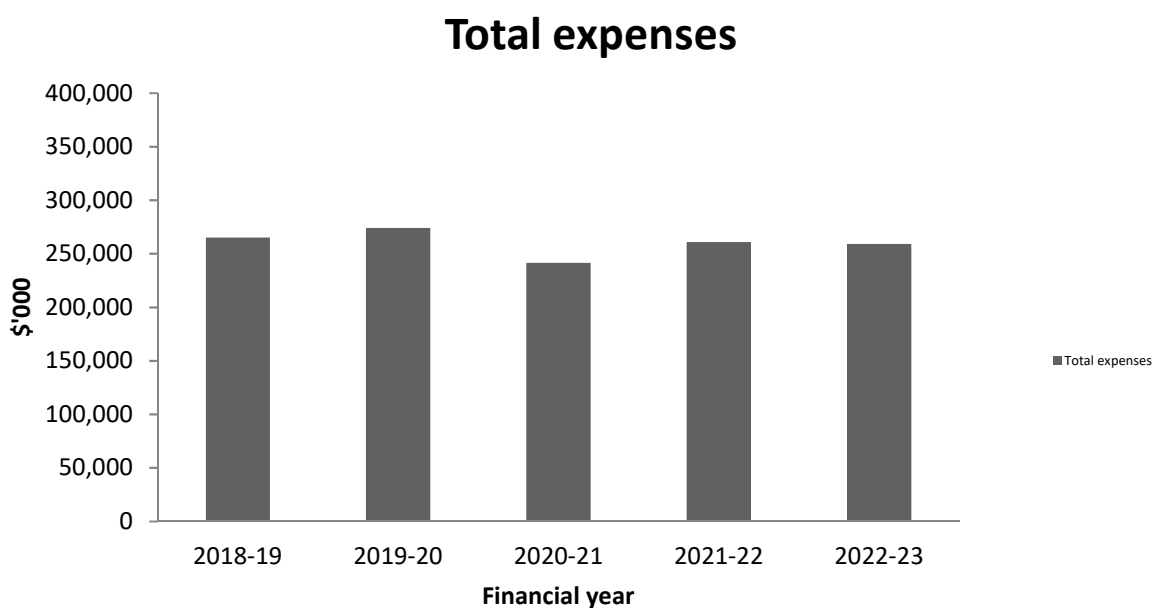
## Departmental income statement

Total expenses are estimated to be \$274 million in 2019-20, an increase of \$9.1 million from the 2018-19 Estimated Actual mainly due to expanded compliance activities by the Office of State Revenue (OSR) and additional expenditure associated with the establishment of the Service Priority Review Office.

The decrease in expenses in 2020-21 is primarily due to costs associated with the OSR Transformation Program and other one-off costs in 2019-20.

Total expenses are estimated to increase in 2021-22 due to costs associated with the Financial Provisioning Scheme and amortisation costs relating to the OSR Transformation Program. Also contributing to the increase is additional expenditure resulting from annual wage increases.

**Chart: Total departmental expenses across the Forward Estimates period**



## Departmental balance sheet

The department's main liabilities at the end of 2019-20 relate to operational payables (\$65.6 million) and accrued employee benefits (\$4.8 million). The department's major assets at the end of 2019-20 are in investments (\$79.6 million), cash (\$82.4 million), intangibles (\$19.8 million) and operational receivables (\$7 million). Investments relate to the Business Development Fund's investments administered by Queensland Investment Corporation.

# Controlled income statement

Queensland Treasury	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>INCOME</b>				
Appropriation revenue		247,646	239,157	257,585
Taxes		..	..	..
User charges and fees	1,6	8,839	12,489	33,045
Royalties and land rents		..	..	..
Grants and other contributions		..	..	..
Interest and distributions from managed funds		..	212	750
Other revenue		480	3,371	1,073
Gains on sale/revaluation of assets		..	13,324	..
<b>Total income</b>		<b>256,965</b>	<b>268,553</b>	<b>292,453</b>
<b>EXPENSES</b>				
Employee expenses	7	121,383	121,077	127,726
Supplies and services	2,8	120,015	127,161	133,583
Grants and subsidies	3,9	2,822	9,231	4,700
Depreciation and amortisation	4	8,698	3,542	4,156
Finance/borrowing costs		..	..	..
Other expenses		4,047	3,912	3,885
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>256,965</b>	<b>264,923</b>	<b>274,050</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>5</b>	<b>..</b>	<b>3,630</b>	<b>18,403</b>

# Controlled balance sheet

Queensland Treasury	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	10,15	11,780	64,588	82,420
Receivables	11	5,644	7,018	7,018
Other financial assets		..	..	..
Inventories		..	..	..
Other		3,083	3,047	3,113
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>20,507</b>	<b>74,653</b>	<b>92,551</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	16	66,832	59,630	79,630
Property, plant and equipment		29	78	53
Intangibles	12,17	13,551	23,360	19,790
Other		..	..	..
<b>Total non-current assets</b>		<b>80,412</b>	<b>83,068</b>	<b>99,473</b>
<b>TOTAL ASSETS</b>		<b>100,919</b>	<b>157,721</b>	<b>192,024</b>
<b>CURRENT LIABILITIES</b>				
Payables	13	10,357	60,638	60,638
Accrued employee benefits		4,479	4,798	4,798
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		273	197	197
<b>Total current liabilities</b>		<b>15,109</b>	<b>65,633</b>	<b>65,633</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		4,905	4,975	4,975
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>4,905</b>	<b>4,975</b>	<b>4,975</b>
<b>TOTAL LIABILITIES</b>		<b>20,014</b>	<b>70,608</b>	<b>70,608</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>80,905</b>	<b>87,113</b>	<b>121,416</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	14,18	<b>80,905</b>	<b>87,113</b>	<b>121,416</b>

# Controlled cash flow statement

Queensland Treasury	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts		245,941	222,692	255,353
User charges and fees		13,662	17,312	37,868
Royalties and land rent receipts		..	..	..
Grants and other contributions		..	..	..
Interest and distribution from managed funds received		..	212	750
Taxes		..	..	..
Other		6,684	9,575	7,277
<b>Outflows:</b>				
Employee costs		(121,383)	(121,077)	(127,726)
Supplies and services		(124,785)	(95,783)	(137,621)
Grants and subsidies		(2,822)	(9,231)	(4,700)
Borrowing costs		..	..	..
Other		(8,870)	(8,739)	(8,708)
<b>Net cash provided by or used in operating activities</b>		<b>8,427</b>	<b>14,961</b>	<b>22,493</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	60,598	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		(6,125)	(7,107)	(561)
Payments for investments		(20,000)	(20,000)	(20,000)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(26,125)</b>	<b>33,491</b>	<b>(20,561)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		31,587	51,644	20,561
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		(14,178)	(72,754)	(4,661)
<b>Net cash provided by or used in financing activities</b>		<b>17,409</b>	<b>(21,110)</b>	<b>15,900</b>
<b>Net increase/(decrease) in cash held</b>		<b>(289)</b>	<b>27,342</b>	<b>17,832</b>
<b>Cash at the beginning of financial year</b>		<b>12,069</b>	<b>37,246</b>	<b>64,588</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>11,780</b>	<b>64,588</b>	<b>82,420</b>



# Administered income statement

Queensland Treasury	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>INCOME</b>				
Appropriation revenue	19,24	5,991,751	5,827,867	5,951,953
Taxes	25	11,545,725	11,489,936	12,006,661
User charges and fees		54,088	54,088	55,711
Royalties and land rents	20,26	4,416,810	5,166,152	5,419,704
Grants and other contributions	27	19,366,694	19,416,783	18,702,531
Interest and distributions from managed funds		29,155	29,155	29,155
Other revenue	28	390,972	395,409	522,828
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>41,795,195</b>	<b>42,379,390</b>	<b>42,688,543</b>
<b>EXPENSES</b>				
Employee expenses		..	..	..
Supplies and services		161,121	161,121	163,121
Grants and subsidies	21,29	219,348	153,723	219,440
Depreciation and amortisation		..	..	..
Finance/borrowing costs	22	1,208,908	1,282,173	1,327,550
Other expenses		4,402,374	4,230,850	4,241,842
Losses on sale/revaluation of assets		57,844	57,844	58,746
Transfers of Administered Revenue to Government	23,30	35,745,600	36,493,679	36,677,844
<b>Total expenses</b>		<b>41,795,195</b>	<b>42,379,390</b>	<b>42,688,543</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Administered balance sheet

Queensland Treasury	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	31,33	(4,433,307)	(3,772,030)	(1,561,137)
Receivables		1,150,769	1,041,865	1,150,693
Other financial assets		..	..	..
Inventories		..	..	..
Other		8,633	8,460	8,460
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>(3,273,905)</b>	<b>(2,721,705)</b>	<b>(401,984)</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	34	68,237	66,302	56,429
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>68,237</b>	<b>66,302</b>	<b>56,429</b>
<b>TOTAL ASSETS</b>		<b>(3,205,668)</b>	<b>(2,655,403)</b>	<b>(345,555)</b>
<b>CURRENT LIABILITIES</b>				
Payables		7,666	5,984	23,206
Transfers to Government payable		1,195,621	995,280	1,087,449
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		1,388,811	1,882,226	1,339,292
Provisions		..	..	..
Other		39,405	37,957	37,627
<b>Total current liabilities</b>		<b>2,631,503</b>	<b>2,921,447</b>	<b>2,487,574</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	32,35	28,619,918	29,590,627	32,350,619
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>28,619,918</b>	<b>29,590,627</b>	<b>32,350,619</b>
<b>TOTAL LIABILITIES</b>		<b>31,251,421</b>	<b>32,512,074</b>	<b>34,838,193</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(34,457,089)</b>	<b>(35,167,477)</b>	<b>(35,183,748)</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>		<b>(34,457,089)</b>	<b>(35,167,477)</b>	<b>(35,183,748)</b>

# Administered cash flow statement

Queensland Treasury	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
Appropriation receipts		5,991,751	5,745,806	5,934,731
User charges and fees		20,914	20,914	22,537
Royalties and land rent receipts		4,360,251	5,109,593	5,363,145
Grants and other contributions		19,366,694	19,416,783	18,702,531
Interest and distribution from managed funds received		25,419	25,419	25,419
Taxes		11,545,725	11,489,936	12,006,661
Other		330,023	334,460	461,879
<b>Outflows:</b>				
Employee costs		..	..	..
Supplies and services		(161,121)	(161,121)	(163,121)
Grants and subsidies		(219,348)	(234,627)	(202,218)
Borrowing costs		(1,208,908)	(1,286,066)	(1,327,550)
Other		(4,402,374)	(4,230,850)	(4,241,842)
Transfers to Government		(35,653,431)	(36,401,510)	(36,585,675)
<b>Net cash provided by or used in operating activities</b>		<b>(4,405)</b>	<b>(171,263)</b>	<b>(3,503)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		511,400	631,735	2,752,479
Loans and advances redeemed		18,187	18,187	18,187
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		(4,578)	(4,578)	(4,578)
<b>Net cash provided by or used in investing activities</b>		<b>525,009</b>	<b>645,344</b>	<b>2,766,088</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		140,871	378,219	33,331
Equity injections		733,381	742,959	488,342
<b>Outflows:</b>				
Borrowing redemptions		(544,358)	(820,348)	(568,752)
Finance lease payments		..	..	..
Equity withdrawals		(733,381)	(721,457)	(504,613)
<b>Net cash provided by or used in financing activities</b>		<b>(403,487)</b>	<b>(420,627)</b>	<b>(551,692)</b>
<b>Net increase/(decrease) in cash held</b>		<b>117,117</b>	<b>53,454</b>	<b>2,210,893</b>
<b>Cash at the beginning of financial year</b>		<b>(4,550,424)</b>	<b>(3,825,484)</b>	<b>(3,772,030)</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>(4,433,307)</b>	<b>(3,772,030)</b>	<b>(1,561,137)</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

1. The increase in user charges and fees primarily relates to contributions toward the Financial Provisioning Fund from mining companies under the *Mineral and Energy Resources (Financial Provisioning) Act 2018* (MERFP Act) effective 1 April 2019.
2. The increase in supplies and services is primarily due to costs associated with the CleanCo Implementation Taskforce and the Financial Assurance Framework Reforms. This is partially offset by a decrease in costs associated with the OSR Transformation Program.
3. The increase in grants and subsidies is primarily due to payments to CleanCo Queensland following its establishment as a government-owned corporation in December 2018.
4. The decrease in depreciation and amortisation is primarily due to changes in the capitalisation schedule of assets.
5. The operating surplus is associated with the Financial Provisioning Scheme (FPS). The FPS receives contributions and fees from mining companies and incurs expenses to manage the FPS under the MERFP Act. The FPS is established to operate in surplus to mitigate the risk to the State in contributing to rehabilitation. Additionally, the FPS will fund research and rehabilitation grants once it has grown over the next three years.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

6. The increase in user charges and fees primarily relates to contributions toward the FPS from mining companies under the MERFP Act effective 1 April 2019.
7. The increase in employee expenses is primarily due to additional expenditure to deliver expanded compliance activities for OSR, the establishment of the Service Priority Review Office and additional expenditure resulting from annual wage increases.
8. The increase in supplies and services is primarily due to the establishment of the Service Priority Review Office.
9. The decrease in grants and subsidies is primarily due to a one-off payment to CleanCo Queensland in 2018-19.

## Balance sheet

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

10. The increase in cash assets reflects cash surety collected from mining companies which are held in the Financial Assurance Cash Surety Fund under the MERFP Act effective 1 April 2019. The Cash Surety received is not a revenue of FPS upon receipt but a liability to pay it back to mining companies. Cash Surety will only be recognised as revenue when the specific Environmental Authority holders who have provided the cash surety default on their obligation to rehabilitate the abandoned mine area.
11. The increase in receivables reflects higher than expected 2018-19 audited opening balance.
12. The increase in intangibles relates to capital expenditure associated with the OSR Transformation Program and the Financial Assurance Framework Reforms.
13. The increase in payables reflects payables to mining companies associated with cash surety collected from mining companies which are held in the Financial Assurance Cash Surety Fund under the MERFP Act effective 1 April 2019.
14. The increase in equity is due to a 2018-19 opening balance adjustment and the 2018-19 operating surplus attributable to the FPS.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

15. The increase in cash assets is primarily due to the operating surplus in 2019-20 attributable to the FPS.
16. The increase in other financial assets reflects additional investment in the Business Development Fund.
17. The decrease in intangibles is primarily due to amortisation expenditure expected for 2019-20.
18. The increase in equity is due to an operating surplus in 2019-20 attributable to the FPS and an equity injection associated with additional investment in the Business Development Fund. This is partially offset by the return of amortisation funding via equity withdrawals.

## Administered income statement

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

19. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Changes in administered expenses are outlined in Notes 21-22.
20. The increase in royalties and land rent reflects the impact of higher coal prices on coal royalties.
21. The decrease in grants and subsidies reflects a changed grant payment schedule for the Jobs and Regional Growth Fund. In addition, Queensland First Home Owners' Grant Payments are lower than budgeted reflecting a subdued housing market.
22. The increase in finance/borrowing costs is due to higher levels of QTC borrowings following the transfer in of fixed rate loans from other departments and the timing of repatriation from Defined Benefit assets.
23. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Changes in administered revenue are outlined in Note 20.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

24. Administered appropriation is received from the Consolidated Fund to fund administered expenses. Changes in administered expenses are outlined in Note 29.
25. The increase in taxes is primarily due to the increase of the land tax rate for companies and trustees with taxable holding above \$5 million and increase of the land tax surcharge by 0.5 per cent, as well as extending the land tax surcharge to foreign companies and trustees.
26. The increase in royalties and land rent reflects the 2.5% increase to the petroleum royalty rate in 2019-20 and increased volumes for base and precious metals.
27. The decrease in grants and other contributions is mainly due to lower payments for specific purposes and GST funding from the Australian Government.
28. The increase in other revenue primarily relates to competitive neutrality fees.
29. The increase in grants and subsidies reflects capital grants to the Cross River Rail Delivery Authority to cover expected returned works and interest expenses on the Public Private Partnership (PPP).
30. This represents revenues collected on behalf of the Queensland Government which are transferred to the Consolidated Fund. Changes in administered revenue are outlined in Notes 25-28.

## Administered balance sheet

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

31. The increase in cash assets is due to an increase in the Queensland Treasury Offset account as a result of a decrease in departmental and Consolidated Fund balances under the whole-of-government offset arrangements.
32. The increase in interest bearing liabilities reflects the transfer in of fixed rate loans from other departments and changes to the timing of repatriation from surplus Defined Benefit assets.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

33. The increase in cash assets is due to an increase in the Queensland Treasury Offset account as a result of a decrease in departmental and Consolidated Fund balances under the whole-of-government offset arrangements.
34. The decrease in receivables reflects the volumes of Natural Disaster Relief and Recovery Arrangements (NDRRA) loans made to the Queensland Rural and Industry Development Authority.
35. The increase in interest bearing liabilities and derivatives reflects the funding from QTC for the State's capital program.

# Statutory bodies

## Motor Accident Insurance Commission/Nominal Defendant

### Overview

The Motor Accident Insurance Commission's (MAIC) purpose is to regulate and improve Queensland's Compulsory Third Party (CTP) insurance scheme; to monitor and make recommendations on Queensland's National Injury Insurance Scheme; and to manage the Motor Accident Insurance and Nominal Defendant funds for the benefit of the Queensland community.

Our work ensures Queenslanders benefit from the best CTP insurance scheme in Australia by delivering financial protection for motorists, recovery for claimants, opportunities for service providers, and economic growth and skills building for the community.

The Nominal Defendant compensates people injured because of the negligent driving of unidentified motor vehicles, motor vehicles with no CTP insurance, and acts as an insurer of last resort, by meeting the claim costs of any licensed insurer who may become insolvent.

In 2019-20 MAIC and the Nominal Defendant contribute to the Government's objectives for the community *Our Future State: Advancing Queensland's Priorities*:

- Be a responsive government by investing in targeted research and service delivery initiatives to improve health outcomes for people injured in motor vehicle accidents
- Create jobs in a strong economy by investing in local research and innovation bodies.

MAIC and the Nominal Defendant's strategic objectives are to:

- deliver a financially sound CTP scheme
- strengthen insurer supervision and compliance
- develop and promote best practice claims management across the scheme and the Nominal Defendant
- turn scheme information and insights into actions and outcomes
- create a positive workplace environment where our people are engaged, committed and highly capable.

Emerging unethical practices, insurer non-compliance, maintaining affordable premiums, evolving community expectations and emerging technology are the major challenges for MAIC and the Nominal Defendant in 2019-20.

### Service summary

MAIC and the Nominal Defendant's key priorities for 2019-20 include:

- continuing to investigate the regulatory impacts of introducing automated (driverless) vehicles into Australia
- increasing collaboration with key stakeholders on road safety initiatives. In 2018-19 MAIC's research funding supported a new targeted Road Safety research collaboration at the University of the Sunshine Coast which works extensively with the Queensland Police Service and the Department of Transport and Main Roads
- exploring opportunities for MAIC and the CTP scheme to manage future innovation.

# Service performance

## Motor Accident Insurance Commission/Nominal Defendant

### Service Area Objective

To provide a viable and equitable personal injury motor accident insurance scheme and continually improve the operational performance of the Nominal Defendant.

### Description

MAIC's role is to regulate and improve Queensland's CTP insurance scheme and manage the Motor Accident Insurance and Nominal Defendant's funds. The Nominal Defendant's role is to compensate people who are injured as a result of negligent driving of unidentified motor vehicles and motor vehicles with no CTP insurance, and act as the insurer of last resort by meeting the claim costs of any licensed insurer who may become insolvent.

### Staffing<sup>1</sup>

2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget
46	46	46

Note:

1. Full-time equivalents (FTEs) as at 30 June.

Motor Accident Insurance Commission/Nominal Defendant	2018-19 Target/Est	2018-19 Est Actual	2019-20 Target/Est
<b>Service standards</b>			
<i>Effectiveness measure</i>			
Highest filed CTP premium for Class 1 vehicles (sedans and wagons) as a percentage of average weekly earnings <sup>1</sup>	<45%	<45%	<45%
<i>Efficiency measures</i>			
Percentage of Nominal Defendant claims finalised compared to the number outstanding at the start of the financial year <sup>2</sup>	50%	50%	50%
Percentage of Nominal Defendant claims settled within two years of compliance <sup>2</sup>	50%	50%	50%
Percentage of Nominal Defendant claims with General Damages paid within 60 days of the settlement date <sup>2</sup>	95%	95%	95%

Notes:

1. The affordability index of 45% of average weekly earnings as stipulated in the *Motor Accident Insurance Act 1994*.
2. These measures are based on insurance industry standard efficiency measures and explain the Nominal Defendant's efficiency in managing and settling claims.

# Income statement

Motor Accident Insurance Commission	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>INCOME</b>				
Taxes		6,439	6,439	6,590
User charges and fees		..	77	..
Grants and other contributions		..	..	..
Interest and distributions from managed funds	1,5	9,449	7,748	8,690
Other revenue		7,000	7,000	7,500
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>22,888</b>	<b>21,264</b>	<b>22,780</b>
<b>EXPENSES</b>				
Employee expenses	2,6	3,857	3,366	4,066
Supplies and services	3,7	3,093	4,681	4,938
Grants and subsidies	4,8	24,000	26,765	31,679
Depreciation and amortisation		..	..	..
Finance/borrowing costs		..	..	..
Other expenses		51	45	45
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>31,001</b>	<b>34,857</b>	<b>40,728</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>(8,113)</b>	<b>(13,593)</b>	<b>(17,948)</b>



# Balance sheet

Motor Accident Insurance Commission	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	9	3,342	2,500	2,500
Receivables	10	769	1,029	1,077
Other financial assets		160	163	163
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>4,271</b>	<b>3,692</b>	<b>3,740</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets	11,14	163,072	167,712	149,764
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>163,072</b>	<b>167,712</b>	<b>149,764</b>
<b>TOTAL ASSETS</b>		<b>167,343</b>	<b>171,404</b>	<b>153,504</b>
<b>CURRENT LIABILITIES</b>				
Payables	12	562	490	494
Accrued employee benefits		104	131	133
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total current liabilities</b>		<b>666</b>	<b>621</b>	<b>627</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		42	147	189
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>42</b>	<b>147</b>	<b>189</b>
<b>TOTAL LIABILITIES</b>		<b>708</b>	<b>768</b>	<b>816</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>166,635</b>	<b>170,636</b>	<b>152,688</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	13,15	<b>166,635</b>	<b>170,636</b>	<b>152,688</b>

# Cash flow statement

Motor Accident Insurance Commission	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		2	77	(48)
Grants and other contributions		..	..	..
Interest and distribution from managed funds received		9,449	7,748	8,690
Taxes		6,439	6,439	6,590
Other		7,000	7,000	7,500
<b>Outflows:</b>				
Employee costs		(3,855)	(3,364)	(4,064)
Supplies and services		(3,089)	(4,629)	(4,892)
Grants and subsidies		(24,000)	(26,765)	(31,679)
Borrowing costs		..	..	..
Other		(51)	(45)	(45)
<b>Net cash provided by or used in operating activities</b>		<b>(8,105)</b>	<b>(13,539)</b>	<b>(17,948)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		8,105	13,667	17,948
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>8,105</b>	<b>13,667</b>	<b>17,948</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>128</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>3,342</b>	<b>2,372</b>	<b>2,500</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>3,342</b>	<b>2,500</b>	<b>2,500</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

1. The decrease in interest is due to lower than anticipated returns and drawdowns from the investment fund.
2. The decrease in employee expenses is primarily due to delays in filling vacancies during 2018-19.
3. The increase in supplies and services is primarily due to preparation of legislative amendments in relation to car crash scammers and media campaign.
4. The increase in grants and subsidies is due to additional investments in research activities in targeted research and delivery initiatives to benefit motorists through reducing the incidence and cost of road trauma.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

5. The budget assumption for 2019-20 is based on investment estimates of the long term average annual rate of return for the investment portfolio on the projected investment balances as at 30 June 2019.
6. The increase in employee expenses reflects the filling of vacant positions.
7. The increase in supplies and services primarily relates to the implementation of scheme reforms to counteract car crash scammers.
8. The grants and subsidies expense reflects proposed investment in targeted research and service delivery initiatives to benefit motorists through reducing the incidence and cost of road trauma.

## Balance sheet

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

9. The decrease in cash assets is primarily due to lower audited opening balance.
10. The increase in receivables is due to fluctuations in accrued receivables at 30 June.
11. The increase in non-current other financial assets is primarily due to higher audited opening balance.
12. The decrease in payables is due to fluctuations in accrued expenses at 30 June.
13. The increase in total equity reflects audited opening balances and projected operating result for 2018-19.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

14. The decrease in non-current other financial assets is due to the withdrawal of investment to fund operating activities.
15. The decrease in total equity is a result of a decrease in the projected operating result primarily due to increased investment in grants and subsidies, where the related revenue has been received and recognised as income in a prior year and invested in other financial assets.

# Income statement

Nominal Defendant	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>INCOME</b>				
Taxes		38,250	38,250	37,139
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest and distributions from managed funds	1,5	18,945	24,134	21,386
Other revenue		..	..	..
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>57,195</b>	<b>62,384</b>	<b>58,525</b>
<b>EXPENSES</b>				
Employee expenses	2,6	1,880	1,698	1,996
Supplies and services	3	2,387	2,589	2,641
Grants and subsidies		..	..	..
Depreciation and amortisation		519	519	519
Finance/borrowing costs		..	..	..
Other expenses	4,7	48,489	37,347	38,547
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>53,275</b>	<b>42,153</b>	<b>43,703</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>3,920</b>	<b>20,231</b>	<b>14,822</b>

# Balance sheet

Nominal Defendant	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets		3,522	3,500	3,500
Receivables	8	1,850	2,045	2,045
Other financial assets	9,16	47,612	175,579	182,353
Inventories		..	..	..
Other		..	..	..
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>52,984</b>	<b>181,124</b>	<b>187,898</b>
<b>NON-CURRENT ASSETS</b>				
Receivables	10	2,425	10,268	10,268
Other financial assets	11,17	438,668	330,718	344,471
Property, plant and equipment		..	..	..
Intangibles		952	952	433
Other		..	..	..
<b>Total non-current assets</b>		<b>442,045</b>	<b>341,938</b>	<b>355,172</b>
<b>TOTAL ASSETS</b>		<b>495,029</b>	<b>523,062</b>	<b>543,070</b>
<b>CURRENT LIABILITIES</b>				
Payables		262	262	312
Accrued employee benefits		68	68	69
Interest bearing liabilities and derivatives		..	..	..
Provisions	12,18	38,836	42,481	44,175
Other	13	18,885	17,461	17,461
<b>Total current liabilities</b>		<b>58,051</b>	<b>60,272</b>	<b>62,017</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		24	55	55
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives		..	..	..
Provisions	14,19	137,691	86,249	89,690
Other		..	..	..
<b>Total non-current liabilities</b>		<b>137,715</b>	<b>86,304</b>	<b>89,745</b>
<b>TOTAL LIABILITIES</b>		<b>195,766</b>	<b>146,576</b>	<b>151,762</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>299,263</b>	<b>376,486</b>	<b>391,308</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	15,20	<b>299,263</b>	<b>376,486</b>	<b>391,308</b>

# Cash flow statement

Nominal Defendant	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		..	..	..
Grants and other contributions		..	..	..
Interest and distribution from managed funds received		18,945	24,134	21,386
Taxes		38,250	38,250	37,139
Other		(8)	(8)	..
<b>Outflows:</b>				
Employee costs		(1,879)	(1,697)	(1,995)
Supplies and services		(2,337)	(2,539)	(2,591)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(31,428)	(35,067)	(33,412)
<b>Net cash provided by or used in operating activities</b>		<b>21,543</b>	<b>23,073</b>	<b>20,527</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		..	..	..
Payments for investments		(21,543)	(23,219)	(20,527)
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(21,543)</b>	<b>(23,219)</b>	<b>(20,527)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		..	..	..
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>..</b>	<b>..</b>	<b>..</b>
<b>Net increase/(decrease) in cash held</b>		<b>..</b>	<b>(146)</b>	<b>..</b>
<b>Cash at the beginning of financial year</b>		<b>3,522</b>	<b>3,646</b>	<b>3,500</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>3,522</b>	<b>3,500</b>	<b>3,500</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

1. The increase in interest received is primarily due to higher returns on investments as a result of a change in Nominal Defendant (ND)'s investment portfolio.
2. The decrease in employee expenses is primarily due to delays in filling vacancies during 2018-19.
3. The increase in supplies and services is primarily due to higher management fees as a result of higher than anticipated investment fund balance during the year.
4. The decrease in other expenses reflects a projected decrease in ND claim costs.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

5. The budget assumption for 2019-20 is based on investment estimates of the long term average annual rate of return for the investment portfolio on the projected investment balances as at 30 June 2019.
6. The increase in employee expenses reflects the filling of vacant positions.
7. The increase in other expenses reflects a projected increase in ND claim costs.

## Balance sheet

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

8. The increase in current receivables reflects the anticipated accrued revenues at 30 June.
9. The increase in current other financial assets reflects the audited opening balances, the level of surplus funding being invested and the reclassifications between current and non-current investments.
10. The increase in non-current receivables reflects the claim recoveries on outstanding claims based on actuarial assessment outcomes.
11. The decrease in non-current other financial assets reflects the audited opening balances, the level of surplus funding being invested and the reclassifications between current and non-current investments.
12. The increase in current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
13. The decrease in other current liabilities primarily relates to the reduction in unearned levy revenue due to a decrease in ND levy income.
14. The decrease in non-current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
15. The increase in total equity reflects audited opening balances and projected operating result for 2018-19.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

16. The increase in current other financial assets reflects the level of surplus funding being invested.
17. The increase in non-current other financial assets reflects the level of surplus funding being invested.
18. The increase in current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
19. The increase in non-current provisions relates to the movement in outstanding claims liability. The outstanding claims liability is based on actuarial assessment outcomes.
20. The increase in total equity reflects the projected operating result for 2019-20.

# Queensland Productivity Commission

## Overview

The Queensland Productivity Commission (the Commission), is a statutory body established under the *Queensland Productivity Commission Act 2015*. It provides independent economic and policy advice to the Queensland Government to enhance productivity, drive economic growth and raise living standards in Queensland.

The Commission's main functions include:

- public inquiries into matters relating to productivity, economic development and industry in Queensland
- research and advice on productivity, economic development and industry issues
- advice and guidance to support government agencies to develop high quality regulatory proposals
- investigation of competitive neutrality complaints about State and local government business activities.

In 2019-20, the Commission will contribute to the Government's objectives for the community *Our Future State: Advancing Queensland's Priorities* to Keep communities safe by delivering a public inquiry and making recommendations to the Queensland Government on imprisonment and recidivism in Queensland.

The Commission's strategic objectives are to:

- base findings and recommendations on its own analysis and judgement
- provide high quality advice based on robust evidence-based analysis that is timely and useful to stakeholders
- engage effectively and openly with key stakeholders and interested parties
- attract and retain capable and committed people to deliver high quality work.

## Service summary

In 2019-20 the Commission's key priorities include:

- completing the public inquiry into imprisonment and recidivism in Queensland, delivering a final report to the Government in August 2019. A draft report was released for public consultation in January 2019
- completing a review of the pricing impacts from the Container Refund Scheme over its first 12 months of operation, delivering a final report to the Government in February 2020. An issues paper was released in May 2019
- continuing to provide advice, guidance and assessment of regulatory proposals to ensure impacts are carefully and fully assessed. The Commission will provide regulatory impact analysis training to government agencies
- examining economic, social and environmental issues through self-initiated research
- conducting investigations into competitive neutrality issues and complaints about State and local government business activities, and providing advice to government on regulatory and competitive neutrality issues.



# Service performance

## Queensland Productivity Commission

### Service Area Objective

To undertake independent, in-depth reviews of complex economic, industry and regulatory issues through open and transparent processes informed by wide public consultation.

To formulate policy recommendations to the Government to encourage stronger economic growth, improved productivity and service delivery, and higher living standards across Queensland.

The Commission operates and reports independently on tasks referred to it by the Government via the Treasurer as the responsible Minister. As a review and advisory body, the Commission is not responsible for implementing government programs. The Commission reports on its performance in its annual report.

### Staffing<sup>1,2</sup>

2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget
28	22.4	28

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The difference in FTEs between the 2018-19 Budget and the 2018-19 Estimated Actual reflects staff vacancies.

# Cross River Rail Delivery Authority

## Overview

The Cross River Rail Delivery Authority (the Delivery Authority) was established under the *Cross River Rail Delivery Authority Act 2016* to deliver economic development and transport outcomes that maximise benefits for Queenslanders. The Delivery Authority commenced operations on 14 April 2017. In June 2017, the Queensland Government committed to the Cross River Rail Project. The Delivery Authority is the statutory body responsible for leading the procurement, development and delivery of the Cross River Rail project.

The Delivery Authority's key objectives are to:

- deliver and facilitate transformational transport infrastructure development
- optimise economic and social development opportunities
- operate commercially while maintaining strong relationships across industry sectors and government agencies.

The Cross River Rail project is a 10.2 kilometre rail line between Dutton Park and Bowen Hills, and includes a 5.9 kilometre tunnel under the Brisbane River and Brisbane CBD.

A second Brisbane River rail crossing will unlock the bottleneck at the core of our transport network, allowing more trains to run more often and integrating with new roads and new bus services to enable a 'turn-up-and-go' transport system that will benefit the whole of South East Queensland (SEQ).

The Cross River Rail project includes four new underground stations at Boggo Road, Woolloongabba, Albert Street and Roma Street and two upgraded stations at Dutton Park and the Exhibition Station. In addition, the Delivery Authority will manage delivery of upgrade works for a further six stations from Fairfield to Salisbury, on behalf of the Department of Transport and Main Roads.

The Delivery Authority is evaluating alternatives for the development of all five Cross River Rail precincts at Boggo Road, Woolloongabba, Albert Street, Roma Street and Exhibition Station. The Delivery Authority (in partnership with relevant Queensland Government departments and agencies) will prepare a delivery strategy for all five Cross River Rail precincts for government consideration in 2019-20.

The Government has also committed \$634.4 million for the procurement and delivery of the European Train Control System (ETCS) to boost capacity on the inner-city rail network, enhance safety and to allow the wider SEQ rail network to run more efficiently. In July 2018, the Delivery Authority became responsible for the procurement and project delivery of ETCS, in close coordination with Queensland Rail and project sponsor, the Department of Transport and Main Roads.

The Cross River Rail project contributes to the Government's objectives for the community *Our Future State: Advancing Queensland's Priorities* to Create jobs in a strong economy, with construction supporting more than 1,500 jobs per annum across a range of industries. During the construction phase of the project, 450 apprentice and training opportunities will be created.

## Service summary

Cross River Rail will be delivered in partnership with the private sector through three major infrastructure packages of work: The Tunnel, Stations and Development (TSD) PPP; the Rail, Integration and Systems (RIS) alliance; and the ETCS contract. The preferred proponents to deliver the major works packages were announced on 4 April 2019.

In 2019-20 the Delivery Authority's key priorities include:

- executing contracts for TSD, RIS and ETCS major works packages
- finalising the Environmental Impact Statement change process, and obtaining Coordinator-General approvals and conditions for delivery of works
- commencing major permanent works
- commencing demolition works at the Albert Street and Roma Street sites
- finalising precinct development plans for the Boggo Road, Woolloongabba, Albert Street, Roma Street and Exhibition Station precincts
- finalising the Early Works program
- continuing property acquisition processes in relation to the project corridor.

# Service performance

## Cross River Rail Delivery Authority

### Service Area Objective

To deliver economic development and transport outcomes that maximise benefits for Queenslanders.

### Description

To address the identified network capacity challenges that form the strategic context for the project, the Delivery Authority's key objectives in delivering Cross River Rail are to:

- remove the bottleneck at the core of South East Queensland's rail network, reducing commuter journey times
- successfully transform the South East Queensland passenger rail network into a world-class turn-up-and-go network
- deliver greater ease and more comfort for passengers of the South East Queensland rail network
- reduce road congestion and car dependency in South East Queensland
- investigate revitalisation of inner-city precincts for public spaces, and commercial and residential hubs.

The Delivery Authority key functions include:

- delivering best value investment in the Cross River Rail corridor and precincts, creating opportunities for innovation
- effectively and efficiently managing Cross River Rail delivery works
- connecting and partnering with industry and other State agencies including the Department of Transport and Main Roads (DTMR) and Queensland Rail (QR)
- engaging effectively and efficiently with the public to ensure the project is delivered in accordance with community needs and aspirations
- ensuring community cohesion, investigating economic development and environmentally sustainable station precincts.

### Staffing<sup>1,2</sup>

2018-19 Budget	2018-19 Estimated Actual	2019-20 Budget
198	136	178

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. During 2018-19 it was anticipated that the budgeted FTEs would be at capacity with the procurement of multiple work packages running concurrently. The Delivery Authority engaged specialist technical contractors to assist and provide specialist services across a range of key project areas, which has led to the estimated actual being lower than budgeted. During 2019-20 the Delivery Authority will transition into the delivery phase with a budgeted FTE of 178.

Cross River Rail Development Authority	2018-19 Target/Est	2018-19 Est Actual	2019-20 Target/Est
<b>Service standards</b> <i>Effectiveness measures</i> Percentage of Cross River Rail construction works completed within the required timeframes <sup>1</sup>	New measure	New measure	100%
<i>Efficiency measure</i> Administration cost to plan, develop and manage Cross River Rail Project works and precinct development as a percentage of the overall whole of project costs <sup>2</sup>	New measure	New measure	<5%

Notes:

1. This is a proxy measure of effectiveness and indicates the performance of the Delivery Authority in delivering a key government priority on a timely basis. The required timeframes for completion of construction works are set out in a detailed delivery program measuring the value of works expected to be completed. The scope of construction works captured by this measure includes delivery of the Cross River Rail TSD, RIS and ETCS major packages of work.
2. This is a proxy measure of efficiency. The administration costs for this new measure include the cost of the Delivery Authority staff and specialist technical contractors whose responsibilities include planning for the Cross River Rail project and related precinct redevelopment, monitoring delivery, assessing delivery partner performance and administering payments to delivery partners for works completed, and liaising with a range of stakeholders including landholders and the general public.

# Income statement

Cross River Rail Delivery Authority	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>INCOME</b>				
Taxes		..	..	..
User charges and fees		..	..	..
Grants and other contributions	4	12,000	12,000	76,880
Interest and distributions from managed funds		..	..	..
Other revenue	1,5	..	47,555	123,991
Gains on sale/revaluation of assets		..	..	..
<b>Total income</b>		<b>12,000</b>	<b>59,555</b>	<b>200,871</b>
<b>EXPENSES</b>				
Employee expenses	2,6	1,998	9,605	11,683
Supplies and services	3,7	9,966	49,787	122,172
Grants and subsidies	8	..	..	49,658
Depreciation and amortisation		26	79	66
Finance/borrowing costs	9	..	..	17,222
Other expenses		10	84	70
Losses on sale/revaluation of assets		..	..	..
<b>Total expenses</b>		<b>12,000</b>	<b>59,555</b>	<b>200,871</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>..</b>	<b>..</b>	<b>..</b>

# Balance sheet

Cross River Rail Delivery Authority	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CURRENT ASSETS</b>				
Cash assets	10,12	20,099	32,304	28,879
Receivables	13	6,109	7,230	19,812
Other financial assets		..	..	..
Inventories		..	..	..
Other		13	391	391
Non-financial assets held for sale		..	..	..
<b>Total current assets</b>		<b>26,221</b>	<b>39,925</b>	<b>49,082</b>
<b>NON-CURRENT ASSETS</b>				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	14	865,815	849,032	2,328,739
Intangibles		..	..	..
Other		..	..	..
<b>Total non-current assets</b>		<b>865,815</b>	<b>849,032</b>	<b>2,328,739</b>
<b>TOTAL ASSETS</b>		<b>892,036</b>	<b>888,957</b>	<b>2,377,821</b>
<b>CURRENT LIABILITIES</b>				
Payables	11,15	21,013	27,741	20,293
Accrued employee benefits		687	3,118	2,501
Interest bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	36	36
<b>Total current liabilities</b>		<b>21,700</b>	<b>30,895</b>	<b>22,830</b>
<b>NON-CURRENT LIABILITIES</b>				
Payables		..	..	..
Accrued employee benefits		..	..	..
Interest bearing liabilities and derivatives	16	..	..	1,008,587
Provisions		..	..	..
Other		..	..	..
<b>Total non-current liabilities</b>		<b>..</b>	<b>..</b>	<b>1,008,587</b>
<b>TOTAL LIABILITIES</b>		<b>21,700</b>	<b>30,895</b>	<b>1,031,417</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>870,336</b>	<b>858,062</b>	<b>1,346,404</b>
<b>EQUITY</b>				
<b>TOTAL EQUITY</b>	17	<b>870,336</b>	<b>858,062</b>	<b>1,346,404</b>

# Cash flow statement

Cross River Rail Delivery Authority	Notes	2018-19 Budget \$'000	2018-19 Est. Act. \$'000	2019-20 Budget \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Inflows:</b>				
User charges and fees		..	..	..
Grants and other contributions		12,000	12,000	59,658
Interest and distribution from managed funds received		..	..	..
Taxes		..	..	..
Other		56,453	119,980	182,331
<b>Outflows:</b>				
Employee costs		(1,443)	(7,670)	(12,300)
Supplies and services		(69,570)	(124,971)	(173,268)
Grants and subsidies		..	..	..
Borrowing costs		..	..	..
Other		(99)	(156)	(70)
<b>Net cash provided by or used in operating activities</b>		<b>(2,659)</b>	<b>(817)</b>	<b>56,351</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Inflows:</b>				
Sales of non-financial assets		..	..	..
Investments redeemed		..	..	..
Loans and advances redeemed		..	..	..
<b>Outflows:</b>				
Payments for non-financial assets		(728,178)	(730,404)	(548,118)
Payments for investments		..	..	..
Loans and advances made		..	..	..
<b>Net cash provided by or used in investing activities</b>		<b>(728,178)</b>	<b>(730,404)</b>	<b>(548,118)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Inflows:</b>				
Borrowings		..	..	..
Equity injections		733,000	721,000	488,342
<b>Outflows:</b>				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
<b>Net cash provided by or used in financing activities</b>		<b>733,000</b>	<b>721,000</b>	<b>488,342</b>
<b>Net increase/(decrease) in cash held</b>		<b>2,163</b>	<b>(10,221)</b>	<b>(3,425)</b>
<b>Cash at the beginning of financial year</b>		<b>17,936</b>	<b>42,525</b>	<b>32,304</b>
Cash transfers from restructure		..	..	..
<b>Cash at the end of financial year</b>		<b>20,099</b>	<b>32,304</b>	<b>28,879</b>

# Explanation of variances in the financial statements

## Income statement

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

1. The increase in other revenue is due to the inclusion of the reimbursement of costs by other agencies associated with the European Train Control System (ETCS) Inner City Project.
2. The increase in employee expenses is due to the inclusion of costs associated with the ETCS Inner City Project.
3. The increase in supplies and services is due to the inclusion of costs associated with the ETCS Inner City Project.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

4. The increase in grants and other contributions is due to the inclusion of a grant receivable from Queensland Treasury in relation to interest accrued on private financing and capital grant funding in relation to returned works to third parties.
5. The increase in other revenue is due to the reimbursement of costs by other agencies associated with rail network enhancement works being delivered concurrently with Cross River Rail and an increase in expenditure as the ETCS Inner City Project moves into delivery phase.
6. The increase in employee expenses is due to the increase in expenditure as the ETCS Inner City Project moves into delivery phase.
7. The increase in supplies and services is due to expenditure for rail network enhancement works being delivered concurrently with Cross River Rail and an increase in expenditure as the ETCS Inner City Project moves into delivery phase.
8. The increase in grants and subsidies is due to property, plant and equipment that is expensed on returned works to third parties.
9. The increase in finance/borrowing costs is due to interest accrued on private financing.

## Balance sheet

### Major variations between 2018-19 Budget and 2018-19 Estimated Actual include:

10. The cash assets 2018-19 Estimated Actual is greater than 2018-19 Budget due to increase works program expenditure requirement.
11. The payables 2018-19 Estimated Actual is greater than the 2018-19 Budget due to increase in project expenditure, including ETCS related payables.

### Major variations between 2018-19 Estimated Actual and the 2019-20 Budget include:

12. Cash assets in the 2019-20 Budget is less than 2018-19 Estimated Actual reflecting working capital requirements relevant to project expenditure in 2019-20.
13. Receivables represent GST refundable from the Australian Taxation Office and grants receivable from Queensland Treasury in relation to interest accrued on private financing. 2019-20 Budget is greater than 2018-19 Estimated Actual due to grants receivable.
14. The increase in property, plant & equipment in the 2019-20 Budget relates to capital expenditure for the Cross River Rail Project for 2019-20.
15. Payables in the 2019-20 Budget is less than 2018-19 Estimated Actual due to the timing of project expenditure.
16. The increase in interest bearing liabilities relates to private financing for the Public-Private Partnership.
17. Equity in the 2019-20 Budget includes contributed equity relating to funding for Cross River Rail project expenditure for 2019-20.



# Glossary of terms

<b>Accrual accounting</b>	Recognition of economic events and other financial transactions involving revenue, expenses, assets, liabilities and equity as they occur and reporting in financial statements in the period to which they relate, rather than when a flow of cash occurs.
<b>Administered items</b>	Assets, liabilities, revenues and expenses an entity administers, without discretion, on behalf of the Government.
<b>Agency/entity</b>	Used generically to refer to the various organisational units within Government that deliver services or otherwise service Government objectives. The term can include departments, commercialised business units, statutory bodies or other organisations established by Executive decision.
<b>Appropriation</b>	Funds issued by the Treasurer, under Parliamentary authority, to agencies during a financial year for: <ul style="list-style-type: none"> <li>• delivery of agreed services</li> <li>• administered items</li> <li>• adjustment of the Government's equity in agencies, including acquiring of capital.</li> </ul>
<b>Balance sheet</b>	A financial statement that reports the assets, liabilities and equity of an entity as at a particular date.
<b>Capital</b>	A term used to refer to an entity's stock of assets and the capital grants it makes to other agencies. Assets include property, plant and equipment, intangible items and inventories that an entity owns/controls and uses in the delivery of services.
<b>Cash Flow Statement</b>	A financial statement reporting the cash inflows and outflows for an entity's operating, investing and financing activities in a particular period.
<b>Controlled Items</b>	Assets, liabilities, revenues and expenses that are controlled by departments. These relate directly to the departmental operational objectives and arise at the discretion and direction of that department.
<b>Depreciation</b>	The periodic allocation of the cost of physical assets, representing the amount of the asset consumed during a specified time.
<b>Equity</b>	Equity is the residual interest in the assets of the entity after deduction of its liabilities. It usually comprises the entity's accumulated surpluses/losses, capital injections and any reserves.
<b>Equity injection</b>	An increase in the investment of the Government in a public sector agency.
<b>Financial statements</b>	Collective description of the Income Statement, the Balance Sheet and the Cash Flow Statement for an entity's controlled and administered activities.
<b>Income statement</b>	A financial statement highlighting the accounting surplus or deficit of an entity. It provides an indication of whether the entity has sufficient revenue to meet expenses in the current year, including non-cash costs such as depreciation.
<b>Outcomes</b>	Whole-of-government outcomes are intended to cover all dimensions of community wellbeing. They express the current needs and future aspirations of communities, within a social, economic and environment context.
<b>Own-source revenue</b>	Revenue that is generated by an agency, generally through the sale of goods and services, but it may also include some Commonwealth funding.
<b>Priorities</b>	Key policy areas that will be the focus of Government activity.
<b>Services</b>	The actions or activities (including policy development) of an agency which contribute to the achievement of the agency's objectives.
<b>Service area</b>	Related services grouped into a high level service area for communicating the broad types of services delivered by an agency.
<b>Service standard</b>	Define a level of performance that is expected to be achieved appropriate for the service area or service. Service standards are measures of efficiency or effectiveness.





Queensland Budget 2019–20

**Service Delivery Statements**

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