Financial statements

Queensland Treasury’s Financial Statements are general purpose financial statements prepared in accordance with prescribed requirements including *Australian Accounting Standards* and the *Financial Reporting Requirements* issued by Queensland Treasury.

The Financial Statements comprise the following components:

- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Changes in Equity
- Statements of Cash Flows
- Statements of Comprehensive Income by Major Departmental Services
- Statements of Assets and Liabilities by Major Departmental Services
- Notes to the Financial Statements.

In addition, Queensland Treasury (Treasury) administers transactions and balances in a trust or fiduciary capacity. These are identified in notes 44–46.

Treasury, Queensland Treasury Holdings Pty Ltd (QTH) and Queensland Hydro Pty Ltd (Queensland Hydro) are controlled by the State of Queensland which is the ultimate parent entity.

The head office and principal place of business of Treasury is:

1 William St

BRISBANE QLD 4000

Controlled Statement of Comprehensive Income
for the year ended 30 June 2023

		Consolidated Entity**		Parent Entity			
		2023	2022	2023	2023	2023	2022
		Actual	Actual	Actual	Adjusted budget*	Budget variance*	Actual
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Income from operations							
Appropriation revenue	3	442,280	333,133	442,280	541,151	(98,871)	333,133
User charges and fees	4	80,601	79,067	80,601	86,976	(6,375)	79,067
Interest revenue	5	22,858	10,045	12,498	2,821	9,677	2,349
Grants and contributions		2,250	900	2,250	900	1,350	900
Other revenue		3,144	4,636	2,719	1,577	1,142	4,229
Total revenue		551,133	427,781	540,348	633,425	(93,077)	419,678
Gain on sale of assets and fair value movement of investments	6	32,014	5,752	..	..	..	5,752
Total income from operations		583,147	433,533	540,348	633,425	(93,077)	425,430
Expenses from operations							
Employee expenses	7	165,898	142,686	161,137	166,668	(5,531)	142,686
Supplies and services	8	184,965	123,213	146,353	211,537	(65,184)	123,213
Grants and subsidies	9	59,969	66,181	59,969	200,056	(140,087)	66,181
Losses on assets	10	69,528	14,070	69,528	..	69,528	13,893
Depreciation and amortisation		25,384	6,784	25,006	483	24,523	6,784
Interest expense		5,698	5,535	287	..	287	623
Other expenses	11	5,763	5,349	4,202	4,280	(78)	4,245
Total expenses from operations		517,205	363,818	466,482	583,024	(116,542)	357,625
Operating result before income tax expense		65,942	69,715	73,866	50,401	23,465	67,805
Income tax expense	12	10,622	584	..	..	..	..
Operating result for the year		55,320	69,131	73,866	50,401	23,465	67,805
Other comprehensive income							
Items that will not be reclassified to operating result							
Increase in revaluation surplus		88,000	2,395	88,000	..	88,000	2,395
Total for items that will not be reclassified subsequently to operating result		88,000	2,395	88,000	..	88,000	2,395
Total comprehensive income		143,320	71,526	161,866	50,401	111,465	70,200

* An explanation on the use of adjusted budget amounts and major variances is included at note 25.
** Consolidated entity amounts include balances from Queensland Hydro from 3 August 2022 to 30 June 2023 only (note 22).
The accompanying notes form part of these statements.

		Consolidated Entity		Parent Entity			
		2023	2022	2023	2023	2023	2022
		Actual	Actual	Actual	Adjusted budget*	Budget variance*	Actual
	Notes	$'000	$'000	$'000	$'000	$'000	$'000
Current assets							
Cash and cash equivalents	13	618,849	489,989	507,567	221,735	285,832	388,750
Receivables	14	48,787	35,562	37,612	26,481	11,131	26,184
Other financial assets	15	63,089	60,891	63,089	46,132	16,957	60,891
Other assets		21,315	10,926	10,628	7,153	3,475	10,717
Total current assets		752,040	597,368	618,896	301,501	317,395	486,542
Non-current assets							
Receivables	14	153,658	166,764	39,381	48,448	(9,067)	44,058
Other financial assets	15	216,169	155,016	132,200	149,498	(17,298)	103,061
Property, plant and equipment	16	172,398	160,166	165,643	165,091	552	160,166
Intangibles		1,612	1,677	1,612	1,221	391	1,677
Right-of-use assets		1,362	..	..	..	..	..
Deferred tax asset	17	11,579	20,659	..	..	..	..
Total non-current assets		556,778	504,282	338,836	364,258	(25,422)	308,962
Total assets		1,308,818	1,101,650	957,732	665,759	291,973	795,504
Current liabilities							
Payables	18	393,535	295,713	384,389	101,579	282,810	294,878
Interest bearing liabilities	19	55,822	1,635	..	..	..	..
Accrued employee benefits		5,545	4,339	5,224	4,451	773	4,339
Lease liabilities		654	..	..			..
Total current liabilities		455,556	301,687	389,613	106,030	283,583	299,217
Non-current liabilities							
Payables	18	740	625	..	..	..	..
Lease liabilities		740	..	..	..	..	..
Interest bearing liabilities	19	97,997	99,704	..	..	..	..
Total non-current liabilities		99,477	100,329	..	..	..	..
Total liabilities		555,033	402,016	389,613	106,030	283,583	299,217
Net assets		753,785	699,634	568,119	559,729	8,390	496,287
Equity							
Accumulated surplus		367,369	312,049	276,981	246,194	30,787	203,115
Revaluation surplus		88,000	..	88,000	..	88,000	..
Contributed equity		298,416	387,585	203,138	313,535	(110,397)	293,172
Total equity		753,785	699,634	568,119	559,729	8,390	496,287

* An explanation on the use of adjusted budget amounts and major variances is included at note 25.
The accompanying notes form part of these statements.

	Notes	Consolidated Entity** 2023 Actual $'000	Consolidated Entity** 2022 Actual $'000	Parent Entity 2023 Actual $'000	Parent Entity 2022 Actual $'000
Accumulated surplus					
Balance 1 July		312,049	239,445	203,115	131,837
Operating result		55,320	69,131	73,866	67,805
Transfer from revaluation surplus for disposal of assets		..	3,473	..	3,473
Balance 30 June		367,369	312,049	276,981	203,115
Revaluation surplus					
Balance 1 July		..	1,078	..	1,078
Increase in asset revaluation surplus		88,000	2,395	88,000	2,395
Transfer to accumulated surplus for disposal of assets		..	(3,473)	..	(3,473)
Balance 30 June		88,000	..	88,000	..
Contributed equity					
Balance 1 July		387,585	382,597	293,172	288,184
Transactions with owners as owners:					
Appropriated equity injections	3	26,836	195,941	26,836	195,941
Appropriated equity withdrawals	3	(108,977)	(34,999)	(108,977)	(34,999)
Non-appropriated equity withdrawal		(7,893)	..	(7,893)	..
Contribution by owners (transfers between entities)		865	..	..	..
Net assets transferred out to other Queensland Government entities		..	(155,954)	..	(155,954)
Balance 30 June		298,416	387,585	203,138	293,172
Total equity		753,785	699,634	568,119	496,287

** Consolidated entity amounts include balances from Queensland Hydro from 3 August 2022 to 30 June 2023 only (note 22).
The accompanying notes form part of these statements.

	Notes	Consolidated Entity** 2023 Actual $'000	Consolidated Entity** 2022 Actual $'000	Parent Entity 2023 Actual $'000	Parent Entity 2023 Adjusted budget* $'000	Parent Entity 2023 Budget variance* $'000	Parent Entity 2022 Actual $'000
Cash flows from operating activities							
Inflows							
Appropriation receipts		369,539	412,205	369,539	524,578	(155,039)	412,205
Surety receipts from Financial Provisioning Scheme		158,686	53,059	158,686	..	158,686	53,059
User charges and fees		69,373	80,274	69,320	91,799	(22,479)	80,224
Grants and other contribution		2,250	900	2,250	900	1,350	900
GST input tax credits from Australian Taxation Office (ATO)		24,007	36,002	21,259	..	21,259	35,261
GST collected from customers		1,736	2,493	1,736	..	1,736	2,493
Interest received		17,958	5,952	9,638	914	8,724	398
Other		2,576	4,229	2,576	7,781	(5,205)	4,229
Outflows			..		..	..	
Employee expenses		(164,894)	(142,455)	(160,454)	(166,668)	6,214	(142,455)
Supplies and services		(193,283)	(120,934)	(147,884)	(217,807)	69,923	(119,787)
Grants and subsidies		(61,082)	(68,928)	(61,082)	(200,056)	138,974	(68,928)
GST remitted to ATO		(2,300)	(3,369)	(1,558)	..	(1,558)	(2,617)
GST paid to suppliers		(21,120)	(35,895)	(21,120)	..	(21,120)	(35,895)
Interest paid		(4,873)	(4,912)	..	..	..	..
Income tax paid		(977)	(20,561)	..	..	..	..
Other		(4,094)	(4,581)	(4,094)	(9,103)	5,009	(4,581)
Net cash provided by operating activities		193,502	193,479	238,812	32,338	206,474	214,506
Cash flows from investing activities							
Inflows							
Lease payments received		7,117	14,876	5,483	9,400	(3,917)	13,317
Proceeds from investments		8,000	7,500	..	22,000	(22,000)	..
Proceeds from sale of land and buildings		..	4,223	..	..	..	4,223
Outflows					..		
Payments for property, plant and equipment		(6,584)	(165,000)	(694)	..	(694)	(165,000)
Payments for investments		(42,198)	(14,758)	(42,198)	(42,000)	(198)	(14,758)
Lease payments made		(2,636)	(5,433)	(2,636)	..	(2,636)	(5,433)
Payment for intangibles		(391)	..	(391)	..	(391)	..
Net cash used in investing activities		(36,692)	(158,592)	(40,436)	(10,600)	(29,836)	(167,651)
Cash flows from financing activities							
Inflows							
Proceeds from borrowings		53,589	..	..	..	..	..
Equity injections		32,483	187,153	32,483	20,000	12,483	187,153
Outflows							
Payments for lease liabilities		(346)	..		..	..	..
Repayment of borrowings		(1,634)	(1,559)	..	..	..	..
Equity withdrawals		(112,042)	(44,623)	(112,042)	(9,514)	(102,528)	(44,623)
Net cash provided by/(used in) financing activities		(27,950)	140,971	(79,559)	10,486	(90,045)	142,530
Net increase in cash and cash equivalents		128,860	175,858	118,817	32,224	86,593	189,385
Decrease in cash and cash equivalents from restructuring		..	(11,384)	..	..	..	(11,384)
Cash and cash equivalents at beginning of financial year		489,989	325,515	388,750	189,511	199,239	210,749
Cash and cash equivalents at end of financial year	13	618,849	489,989	507,567	221,735	285,832	388,750

* An explanation on the use of adjusted budget amounts and major variances is included at note 25.
** Consolidated entity amounts include balances from Queensland Hydro from 3 August 2022 to 30 June 2023 only (note 22).
The accompanying notes form part of these statements.

Controlled Reconciliation of Operating Result to Net Cash provided by Operating Activities
for the year ended 30 June 2023

	Consolidated Entity		Parent Entity	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
Total operating result	55,320	69,131	73,866	67,805
Non-cash items included in operating result and other adjustments:				
Loss on derecognition of assets	58,667	13,893	58,667	13,893
Depreciation/amortisation expense	25,384	6,784	25,006	6,784
(Gains)/losses on investments	10,861	(4,504)	10,861	(4,504)
Interest - loans and receivables	(2,505)	(3,122)	(1,267)	(991)
(Gain) on sale of assets	..	(1,490)		(1,490)
(Gain)/Loss on license fee receivable	(32,014)	177	..	..
Amortisation of unearned income	(372)	(357)	..	..
Change in assets and liabilities:				
(Increase)/decrease in receivables	(12,987)	(4,406)	(11,428)	(4,359)
(Increase)/decrease in other assets	(10,070)	(3,345)	89	(3,343)
(Increase)/decrease in deferred tax assets	9,080	(75)	..	..
Increase/(decrease) in payables	97,745	119,622	89,511	119,639
Increase/(decrease) in accrued employee benefits	1,206	(160)	885	(160)
Increase/(decrease) in tax provision	565	(19,901)	..	..
Non-cash adjustment - equity receivable and payable	(10,474)	18,412	(10,474)	18,412
Finance lease adjustment	3,096	(4,278)	3,096	(4,278)
Adjustment to various assets and liabilities due to MoG (non-cash)	..	7,098		7,098
Net cash provided by operating activities	193,502	193,479	238,812	214,506

		Consolidated Entity*				
	Notes	**Opening balance 2022 $'000**	**Interest $'000**	**Cash received $'000**	**Cash repayments $'000**	**Closing balance 2023 $'000**
Current/non-current liabilities						
QTC Working Capital Facility	19	..	525	53,589	..	54,114
Interest bearing liabilities	19	101,339	..	..	(1,634)	99,705
		101,339	525	53,589	(1,634)	153,819

*There are no liabilities arising from financing activities in the Parent entity accounts.

Controlled Reconciliation of Changes in Liabilities Arising from Financing Activities
for the year ended 30 June 2022

		Consolidated Entity*				
	Notes	**Opening balance 2021 $'000**	**Interest $'000**	**Cash received $'000**	**Cash repayments $'000**	**Closing balance 2022 $'000**
Current/non-current liabilities						
Interest bearing liabilities	19	102,898	..	..	(1,559)	101,339
		102,898	..	..	(1,559)	101,339

*There are no liabilities arising from financing activities in the Parent entity accounts.

Queensland Treasury
Controlled Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2023

	Economics and Productivity		Fiscal		Agency Performance		Commercial and Investment		Revenue Management		General – not attributed**		Inter-service/activity eliminations		Queensland Treasury	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Income from operations *																
Revenue																
Appropriation revenue	27,277	27,195	13,561	4,115	9,650	9,039	181,011	100,809	207,918	188,708	2,863	3,267	..	..	442,280	333,133
User charges and fees	5,735	5,084	76,606	72,488	551	391	2,335	3,466	7,817	6,641	327	406	(12,770)	(9,409)	80,601	79,067
Interest revenue	..	..	10,942	735	..	..	1,556	1,614	..	..	..	..	..	..	12,498	2,349
Grants and contributions	..	..	2,250	900	..	..	..	..	..	..	..	..	..	..	2,250	900
Other revenue	185	169	540	566	31	50	861	2,146	1,072	1,246	30	52	..	..	2,719	4,229
Total revenue	33,197	32,448	103,899	78,804	10,232	9,480	185,763	108,035	216,807	196,595	3,220	3,725	(12,770)	(9,409)	540,348	419,678
Gain on sale of assets and fair value movement of investments	..	..	..	10,198	..	..	..	(4,446)	..	..	..	..	..	..	..	5,752
Total income from operations	33,197	32,448	103,899	89,002	10,232	9,480	185,763	103,589	216,807	196,595	3,220	3,725	(12,770)	(9,409)	540,348	425,430
Expenses from operations *																
Employee expenses	22,276	21,756	10,187	9,667	7,856	7,194	16,872	17,267	102,695	85,375	1,251	1,427	..	..	161,137	142,686
Supplies and services	10,666	10,201	18,423	12,018	2,291	2,128	15,619	12,676	110,236	93,468	1,888	2,131	(12,770)	(9,409)	146,353	123,213
Grants and subsidies	66	55	606	219	22	18	58,872	65,623	382	247	21	19	..	..	59,969	66,181
Losses on assets	..	159	..	69	..	51	69,528	100	..	13,459	..	55	..		69,528	13,893
Depreciation and amortisation	4	25	357	366	..	8	24,446	5,014	199	1,364	..	7	..	..	25,006	6,784
Interest expense	..	..	..	..	..	..	287	623	..	..	..	..	..	..	287	623
Other expenses	185	252	460	413	63	81	139	731	3,295	2,682	60	86	..	..	4,202	4,245
Total expenses from operations	33,197	32,448	30,033	22,752	10,232	9,480	185,763	102,034	216,807	196,595	3,220	3,725	(12,770)	(9,409)	466,482	357,625
Operating result for the year	..	..	73,866	66,250	..	..	..	1,555	..	..	..	..	..	..	73,866	67,805
Other comprehensive income																
Items that will not be reclassified to operating result																
Increase in revaluation surplus	..	..	..	..	..	..	88,000	2,395	..	..	..	..	..	..	88,000	2,395
Total other comprehensive income	..	..	..	..	..	..	88,000	2,395	..	..	..	..	..	..	88,000	2,395
Total comprehensive income	..	..	73,866	66,250	..	..	88,000	3,950	..	..	..	..	..	..	161,866	70,200
* Allocation of income and expenses to corporate services (disclosure only):																
Income	5,431	6,153	2,383	2,682	1,853	1,997	3,733	3,877	31,591	27,605	1,732	2,078	..	..	46,723	44,392
Expenses	5,431	6,153	2,383	2,682	1,853	1,997	3,733	3,877	31,591	27,605	1,732	2,078	..	..	46,723	44,392

**2023 and 2022 includes corporate support allocated to Motor Accident Insurance Commission and Nominal Defendant.

Accounting policy – Allocation of revenues and expenses from ordinary activities of corporate services
Treasury allocates revenues and expenses attributable to corporate services to its controlled departmental services in the Statement of Comprehensive Income based on the average usage patterns of the services' key drivers of costs.

Queensland Treasury
Controlled Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2023

	Economics and Productivity		Fiscal		Agency Performance		Commercial and Investment		Revenue Management		General – not attributed*		Queensland Treasury	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Current assets														
Cash and cash equivalents	15,115	7,912	304,246	241,010	5,016	1,114	25,715	82,975	98,219	34,990	59,256	20,749	507,567	388,750
Receivables	1,880	1,099	13,847	13,729	122	132	17,758	7,023	2,474	2,191	1,531	2,010	37,612	26,184
Other financial assets	..	..	63,089	60,891	..	..	..	..	..	..	..	..	63,089	60,891
Other assets	185	118	53	82	..	22	100	52	8,055	8,037	2,235	2,406	10,628	10,717
Total current assets	17,180	9,129	381,235	315,712	5,138	1,268	43,573	90,050	108,748	45,218	63,022	25,165	618,896	486,542
Non-current assets														
Receivables	..	..	..	..	..	..	39,381	44,058	..	..	..	..	39,381	44,058
Other financial assets	..	..	..	39,460	..	..	132,200	63,601	..	..	..	..	132,200	103,061
Property, plant and equipment	4	6	..	..	..	..	165,000	160,111	625	21	14	28	165,643	160,166
Intangibles	..	..	980	1,337	..	..	..	..	240	340	392	..	1,612	1,677
Total non-current assets	4	6	980	40,797	..	..	336,581	267,770	865	361	406	28	338,836	308,962
Total assets	17,184	9,135	382,215	356,509	5,138	1,268	380,154	357,820	109,613	45,579	63,428	25,193	957,732	795,504
Current liabilities														
Payables	4,207	4,368	285,134	177,440	2,258	5	38,904	94,295	22,984	19,949	30,902	(1,179)	384,389	294,878
Accrued employee benefits	525	520	239	233	176	185	423	420	2,508	2,092	1,353	889	5,224	4,339
Total current liabilities	4,732	4,888	285,373	177,673	2,434	190	39,327	94,715	25,492	22,041	32,255	(290)	389,613	299,217
Total liabilities	4,732	4,888	285,373	177,673	2,434	190	39,327	94,715	25,492	22,041	32,255	(290)	389,613	299,217
Net assets	12,452	4,247	96,842	178,836	2,704	1,078	340,827	263,105	84,121	23,538	31,173	25,483	568,119	496,287

The department has systems in place to allocate assets and liabilities by major departmental services.
*Includes assets and liabilities associated with corporate support functions.

1 Basis of financial statements preparation

(a) Statement of compliance

Treasury has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*.

Treasury is a not-for-profit entity and has prepared these general-purpose financial statements in accordance with *Australian Accounting Standards and Interpretations* applicable to not-for-profit entities. In addition, the financial statements comply with Treasury's *Financial Reporting Requirements* for the year beginning 1 July 2022.

(b) The reporting entity

Treasury is a Queensland Government department established under the *Public Sector Act 2022* and controlled by the State of Queensland, which is the ultimate parent.

For financial reporting purposes, Treasury is a department in terms of the *Financial Accountability Act 2009* and is subsequently consolidated into the *Report on State Finances* of the Queensland Government.

Treasury as an economic entity consists of the parent entity together with its controlled entities, QTH and Queensland Hydro. To provide enhanced disclosure, Treasury has adopted the principles outlined in Australian Accounting Standard AASB 10 *Consolidated Financial Statements* and AASB 12 *Disclosure of Interests in Other Entities*. This approach is considered appropriate as it reflects the relationship between Treasury's core business activities and those of its controlled entities. In the process of reporting on Treasury as a single economic entity, all transactions and balances internal to the economic entity have been eliminated in full. The consolidated financial statements include the value of all revenues, expenses, assets, liabilities and equity of Treasury and the entities it controls. Details of Treasury's controlled entities are disclosed in note 22. For the purposes of these financial statements, "QTH" refers to QTH and its controlled entities.

The accrual basis of accounting has been adopted for both controlled transactions and balances, and those administered by Treasury on a whole of government basis (except for the Statement of Cash Flows, which is prepared on a cash basis). Except when stated, the historical cost convention is used.

(c) Controlled and Administered transactions and balances

Transactions and balances are controlled by Treasury where they can be deployed for the achievement of departmental objectives.

Treasury administers, but does not control, certain resources on behalf of the government such as loans, borrowings and cash arrangements, collection of Australian Government grants, state taxes, royalties, fines and investment in the Queensland Future Fund. In doing so, it is responsible and accountable for administering related transactions and balances but does not have the discretion to deploy the resources for the achievement of Treasury's objectives.

Transactions and balances relating to administered resources are not recognised as controlled revenues, expenses, assets, liabilities and equity, but are disclosed separately as administered transactions and balances in the administered statements and associated notes.

If not otherwise stated, the controlled accounting policies also apply to administered transactions and balances.

(d) Australian Government taxes

Treasury is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of fringe benefits tax (FBT) and goods and services tax (GST). As such, FBT and GST credits receivable from/payable to the ATO are recognised and accrued.

QTH and Queensland Hydro is subject to the National Tax Equivalents Regime, and payments are made to the State Treasurer (Consolidated Fund) equivalent to the amount of Commonwealth income tax.

QTH falls under the Taxation of Financial Arrangements legislation and applies the default realisation and accrual methods.

(e) Presentation

Rounding and comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where that amount is $500 or less, to zero unless disclosure of the full amount is specifically required. Comparative information reflects the audited 2021–22 financial statements.

1 Basis of financial statements preparation (continued)

(e) Presentation (continued)

Current/non-current classification

Assets and liabilities are classified as either current or non-current in the statement of financial position and associated notes. Assets are classified as current where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date, or the department does not have an unconditional right to defer settlement to beyond the 12 months after the reporting date. All other assets and liabilities are classified as non-current.

(f) Issuance of financial statements

The financial statements are authorised for issue by the Acting Under Treasurer and Chief Finance Officer at the date of signing the Management Certificate.

(g) Accounting estimates and judgements

Estimates and assumptions that have a potential significant effect are outlined in the following notes:

- notes 14 and 37 (allowance for impairment)
- notes 15 and note 24 (g) (fair value on controlled other financial assets and financial instruments)
- notes 16 (fair value on property, plant and equipment)
- notes 21 and 40 (contingencies)
- notes 38 and 41 (e) (fair value on administered other financial assets and financial instruments).

Further, the matters covered in each of those notes necessarily involve estimation uncertainty with the potential to materially impact on the carrying amount of Treasury's assets and liabilities in the next reporting period. Reference should be made to the respective notes for more information.

(h) First year application of new accounting standards and future impact of accounting standards not yet effective

No new accounting standards or interpretations that apply to the department and its controlled entities for the first time in 2022–23 had any material impact on the financial statements. No Australian Accounting Standards have been early adopted for 2022–23.

2 Objectives and major activities of the department

Treasury's vision is a strong economy for all Queenslanders, which is guided by a purpose of driving government priorities through expert advice and services.

Treasury's objectives are to:

- grow the Queensland economy and create jobs
- deliver fiscal sustainability
- empower our workforce for the future
- drive public sector improvement.

Treasury is funded for the departmental services it delivers principally by parliamentary appropriations. Details on Treasury's departmental service areas can be viewed in the Service Reports section of the department's Annual Report.

(a) Major activities of the department

Major activities of the department are detailed on the face of the statements by Major Departmental Services for both controlled and administered items.

The Financial Statements have been aggregated into the following disclosures (refer to notes 1(b) and 1(c) for full details of this aggregation):

1 Controlled

(a) Treasury (as an entity in its own right and to which the remainder of this financial report refers) – column headed 'Parent Entity'.

(b) Consolidated (Treasury and its controlled entities which includes QTH and its subsidiaries and Queensland Hydro) – column headed 'Consolidated Entity'.

2 Administered on behalf of whole of government – shaded statements and notes.

(b) Financial Provisioning Scheme (FPS)

From 1 April 2019, Financial Assurance (now called Financial Provisioning) requirements for resource activities under the *Environmental Protection Act 1994* (EP Act) were replaced with the Financial Provisioning Scheme (Scheme) under the *Mineral and Energy Resource (Financial Provisioning) Act 2018* (MERFP Act). The Scheme manages the State's financial risk from the potential failure of a resource activity holder of an environmental authority or small-scale mining tenure (holder) to meet their rehabilitation and environmental obligations under the EP Act.

The Scheme is administered by the Scheme Manager, a statutory officer supported by Treasury, who is responsible for administering all holders' financial provisioning on behalf of the State of Queensland.

Under the MERFP Act, holders meet their financial provisioning obligation by providing:

- a contribution to the Financial Provisioning Fund (FP Fund); and/or
- surety, which can be in the form of cash, bank guarantee or insurance bond.

Under the EP Act, the Administering Authority (Department of Environment and Science) may make a claim against a holder's financial provisioning to the Scheme Manager. Where the claim is properly made, the Scheme Manager will either make arrangements for payments from the FP Fund or realise the surety and transfer the funds to the administering authority's designated bank account. No liability is held by Treasury for any rehabilitation obligations.

All balances/transactions relating to the FP Fund are reported in the controlled financial statements. Fund contributions and assessment fees are recognised under user charges and fees (note 4). FP Fund cash is reported in note 13 and FP Fund investments is reported in note 15.

Balances/transactions relating to surety are reported either in the financial statements or disclosed as contingencies.

- Cash surety is reported as cash asset (note 13) with a corresponding payable to the holders (note 18), as the Fund obtains the interest benefit from the cash surety held.
- Forfeitures of surety held are recognised as other revenue and transferred to Department of Environment and Science and/or Department of Resources as grant expenses.

2 Objectives and major activities of the department (continued)

(b) Financial Provisioning Scheme (FPS) continued

- Non-cash surety is disclosed in the contingency note (note 21). Non-cash surety is only redeemable for cash when claims are made. At reporting date, it is not possible to determine the quantum or timing of claims that will be made against the non-cash surety.
- Where a notice to provide surety has been issued and the surety payment is yet to be received from holders, the aggregate surety yet to be received is also disclosed in the contingency note (note 21).

(c) Machinery of government (MoG) changes 2022–23

Transfer in: Fines and Penalty Debt administration – mobile phone and seatbelt offences from the Department of Transport and Main Roads (Stage 2)

Basis of Transfer: Public Service Departmental Arrangements Notice (No.1) 2022

Date of Transfer: Effective 1 December 2022

The transfer-in of the mobile phones and seatbelt offences function from the Department of Transport and Main Roads is reported in the administered books with the transfer of receivables amounting to $9.5 million offset by a transfer to government payable.

Budgeted appropriation revenue of $4.3 million was reallocated to Treasury from the Department of Transport and Main Roads for controlled expenses.

Transfer out: Queensland Housing Growth Initiative to the Department of Housing

Basis of Transfer: Public Service Departmental Arrangements Notice (No.2) 2023

Date of Transfer: Effective 1 June 2023

The transfer-out of the Queensland Housing Growth Initiative resulted to the Budgeted appropriation revenue for 2022-23 of $2.2 million reallocated from Treasury to the Department of Housing.

(d) Climate risk disclosure

Whole of Government climate-related reporting

The State of Queensland, as the ultimate parent of Treasury, has published a wide range of information and resources on climate change risks, strategies and actions (https://www.qld.gov.au/environment/climate/climate-change) including the following key whole of government publications:

- Climate Action Plan 2020–30 (https://www.des.qld.gov.au/climateaction)
- Queensland Energy and Jobs Plan (https://www.epw.qld.gov.au/energyandjobsplan)
- Climate Adaptation Strategy (Climate adaptation | Queensland Climate Action (des.qld.gov.au))
- Queensland Sustainability Report (https://www.treasury.qld.gov.au/programs-and-policies/esg/)

Departmental accounting estimates and judgements – climate-related risks

Treasury considers climate-related risks when assessing material accounting judgements and estimates used in preparing its financial report. Key estimates and judgements identified include the potential changes in asset useful lives, changes in fair value of assets, impairment of assets and recognition of provisions or the possibility of contingent liabilities.

Based on our assessment, there is no direct impact on Treasury's accounts for 2022–23. No adjustments to the carrying value of assets were recognised during the financial year as a result of climate-related risks impacting current accounting estimates and judgements.

The fiscal impact of climate change on taxes and royalty revenue, will emerge over the medium to long-term, along with the implications for the State's balance sheet. As at reporting date, the effect cannot be quantified.

QTH and Queensland Hydro have not identified any material climate related risks relevant as at 30 June 2023 but will continuously monitor the emergence of such risks.

		Consolidated Entity		Parent Entity	
		2023	2022	2023	2022
		$'000	$'000	$'000	$'000
3	**Reconciliation of payments from Consolidated Fund to appropriated revenue recognised in the Statement of Comprehensive Income**				
	Budgeted appropriation revenue	520,311	477,879	520,311	477,879
	Transfer (to)/from other departments – redistribution of public business	4,267	(1,685)	4,267	(1,685)
	Transfer (to)/from other headings (variation in headings)	(155,039)	(63,989)	(155,039)	(63,989)
	Total appropriation receipts	369,539	412,205	369,539	412,205
	Less appropriation revenue payable MoG transfer out	..	(7,085)	..	(7,085)
	Plus opening balance of deferred appropriation payable to Consolidated Fund	130,377	58,390	130,377	58,390
	Less closing balance of deferred appropriation payable to Consolidated Fund	(57,636)	(130,377)	(57,636)	(130,377)
	Appropriation revenue recognised in Statement of Comprehensive Income	442,280	333,133	442,280	333,133
	Variance between original budgeted and actual appropriation revenue	78,031	144,746	78,031	144,746
	Reconciliation of payments from Consolidated Fund to appropriated equity adjustments recognised in contributed equity				
	Budgeted equity adjustment appropriation	10,486	7,596	10,486	7,596
	Transfer (to)/from other departments – redistribution of public business	..	71	..	71
	Transfer (to)/from other headings (variation in headings)	(82,152)	63,989	(82,152)	63,989
	Unforeseen expenditure	..	70,874		70,874
	Total equity adjustment receipts	(71,666)	142,530	(71,666)	142,530
	Less opening balance of equity adjustment receivable	(10,941)	(2,153)	(10,941)	(2,153)
	Plus closing balance of equity adjustment receivable	5,294	10,941	5,294	10,941
	Plus opening balance of equity adjustment payable	11,326	20,950	11,326	20,950
	Less closing balance of equity adjustment payable	(16,154)	(11,326)	(16,154)	(11,326)
	Appropriated equity adjustment recognised in contributed equity	(82,141)	160,942	(82,141)	160,942

Accounting policy – Appropriation revenue

Appropriations provided under the *Appropriation Act 2022* are recognised as revenue when received under AASB 1058 *Income of Not-for-Profit Entities*. In some circumstances when approval is granted a deferred appropriation payable is recognised with a corresponding reduction to appropriation revenue, reflecting the net appropriation revenue position in the Consolidated Fund for the reporting period.

4 User charges and fees

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
FPS Fund contributions	67,269	66,161	67,269	66,161
Sale of services from contracts with customers	10,957	10,360	10,957	10,360
Assessment fees	2,364	2,541	2,364	2,541
Other fees	11	5	11	5
	80,601	79,067	80,601	79,067

Accounting policy – User charges and fees

User charges and fees are recognised in accordance with the appropriate revenue accounting standard.

Treasury recognises revenue from sale of services to customers under AASB 15 *Revenue from Contracts with Customers*. Revenue is recognised when Treasury transfers control over the goods or service to the customer. Revenue from Queensland Government Statistician's Office and Queensland Revenue Office contracts with customers are recognised when the service has been provided. The contracts have specific performance obligations and the timing of revenue recognition is when the specific performance obligation is satisfied which is at a point in time or over a period.

Revenue that is not within the scope of AASB 15 is recognised under AASB 1058 *Income of Not-for-Profit Entities* where revenue is recognised upfront or when the corresponding asset (cash or receivable) is recognised and received. Fund contributions and assessment fees from the Financial Provisioning Fund scheme are collected under the *MERFP Act 2018* and are recognised when an assessment is issued, and the corresponding receivable is recognised.

5 Interest revenue

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
Interest – Financial Provisioning	10,942	735	10,942	735
Interest – lease receivables*	6,392	6,526	1,556	1,614
Interest – loans and receivables**	1,763	2,131	..	..
Interest – QTC	3,550	653	..	..
Interest – others	211	..	..	..
	22,858	10,045	12,498	2,349

* Relates to interest recognised on lease receivable from Dalrymple Bay Coal Terminal Holdings (DBCTH) Pty Ltd and finance lease receivable (refer to note 14).

** Relates to interest recognised on the loan acquired from Brisbane Port Holdings Pty Ltd (BPH) following the long-term lease of the Port of Brisbane (refer to note 14).

Accounting policy – Interest revenue

Interest revenue is recognised using the effective interest rate and recognised on a proportional basis taking into account interest rates applicable.

	Consolidated Entity		Parent Entity	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
6 Gain on sale of assets and fair value movement of investments				
Gain on fair value movement of investments*	32,014	4,262	..	4,262
Gain on sale of assets**	..	1,490	..	1,490
	32,014	5,752	..	5,752

*2022–23 relates to gain on fair value movement of license fee receivable from QTH. 2021–22 relates to net gain on fair value movement of investments with QIC (refer to note 15).

**Relates to the sale of land and buildings in 2021–22.

7 Employee expenses	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
Wages and salaries*	126,785	109,980	123,449	109,980
Annual leave levy	15,542	14,019	15,296	14,019
Employer superannuation contributions – accumulation schemes	14,647	11,803	14,286	11,803
Employer superannuation contributions – defined benefit scheme	2,739	2,745	2,739	2,745
Long service leave levy	3,625	2,947	3,545	2,947
Leave on-cost reimbursements	(1,880)	(1,589)	(1,880)	(1,589)
Other employee related expenses	3,923	2,278	3,185	2,278
Termination payments	438	389	438	389
Workers' compensation premium	79	114	79	114
	165,898	142,686	161,137	142,686

* The number of employees as at 30 June , including both full-time employees and part-time employees, measured on a full-time equivalent basis reflecting Minimum Obligatory Human Resource Information (MOHRI) methodology is:

Number of employees:	1,325	1,148	1,271	1,148

Accounting policy – Employee expenses

Salaries and wages

Salaries and wages expenses due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As Treasury expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Sick leave

History indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave and Long service leave

Under the Annual Leave Central Scheme and Long Service Leave Scheme, a levy is made on Treasury to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave and long service leave are claimed from the scheme quarterly in arrears.

7 Employee expenses (continued)

No provision for annual leave and long service leave is recognised in Treasury's financial statements, the liability being held on a whole of government basis and reported in those financial statements prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting.*

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation plans) or the Queensland Government's defined benefit plan (the former QSuper defined benefit categories now administered by the Government Division of the Australian Retirement Trust) as determined by the employee's conditions of employment.

Under the defined contribution plans, contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

For the defined benefit plan, the liability is held on a whole of government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions is based upon the rates determined on the advice of the State Actuary. Contributions are paid by Treasury at the specified rate following completion of the employee's service each pay period. Treasury's obligations are limited to those contributions paid.

Key management personnel and remuneration

The Minister is identified as part of the Treasury's key management personnel (KMP), consistent with additional guidance included in the revised version of AASB 124 *Related Party Disclosures*. The Minister is the Treasurer and Minister for Trade and Investment.

The Treasurer's remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. Treasury does not bear any cost of remuneration of Ministers. The majority of ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and whole of government Consolidated Financial Statements, which are published as part of Treasury's Report on State Finances.

Remuneration policy for Treasury's other KMP is set by the Queensland Public Sector Commission as provided for under the *Public Sector Act 2022*. Individual remuneration and other terms of employment (including motor vehicle entitlements if applicable) are specified in employment contracts. No non-ministerial KMP remuneration packages provide for performance or bonus payments.

Remuneration expenses for those KMP comprise the following components:

Short term employee expenses, including:

- salaries, allowances and leave entitlements earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position
- non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.

Post-employment expenses include amounts expensed in respect of employer superannuation obligations.

Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Transactions with people/entities related to KMP

There are no related party transactions with the Treasury consolidated entity that involve KMP, close family members and/or their personal business interests.

The following table for non-ministerial KMP reflect those departmental positions that had authority and responsibility for planning, directing and controlling the activities of Treasury during the respective reporting periods. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

The amounts disclosed below reflect expenses recognised in the Statement of Comprehensive Income:

Employee expenses (continued)

7 Employee expenses – *(a) Key management personnel and remuneration* (continued)

1 July 2022 – 30 June 2023

Position	Responsibilities	Date appointed to position (End date of position)	Short term employee expenses Monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total $'000
Acting Under Treasurer (Deputy Under Treasurer)**	Responsible for executive leadership, strategic direction of the department and whole of government financial management Responsible for Social, Intergovernmental and Corporate	16-Feb-23 21-Dec-22 to 16-Jan-23 (17-Jan-23 to 15-Feb-23) (27-May-22 to 20-Dec-22)	457	11	49	..	517
Under Treasurer	Responsible for executive leadership, strategic direction of the department and whole of government financial management	9-Sep-21 to 15-Feb-23	381	10	48	..	439
Deputy Under Treasurer	Responsible for Economics and Fiscal	27-May-22	278	7	35	..	320
Acting Deputy Under Treasurer	Responsible for Social, Intergovernmental and Corporate	16-Feb-23 (21-Dec-22 to 16-Jan-23) (29-Aug-22 to 19-Sept- 22)	161	3	16	..	180
Deputy Under Treasurer	Responsible for Industry, Investment and Commercial	13-Feb-23	118	3	14	..	135
Acting Deputy Under Treasurer	Responsible for Industry, Investment and Commercial	7-Feb-22 to 12-Feb-23	175	4	22	..	201
Head, Strategic Policy	Responsible for Strategic Policy	1-Dec-21	258	7	32	..	297
Acting Commissioner of State Revenue and Registrar of SPER	Responsible for the Queensland Revenue Office	11-Feb-23 to 18-Jun-23	112	3	12	..	127
Acting Commissioner of State Revenue and Registrar of SPER	Responsible for the Queensland Revenue Office	19-Jun-23 5-Nov-22 to 10-Feb-23	99	2	11	..	112
Commissioner of State Revenue and Registrar of SPER	Responsible for the Queensland Revenue Office	1-Jul-20 to 4-Nov-22	105	3	13	..	121
Total Expenses			**2,144**	**53**	**252**	**..**	**2,449**

* Treasury does not have any non-monetary benefits to disclose in relation to its KMP.
** Represents the other position held by the KMP during the year.

7 Employee expenses – *(a) Key management personnel and remuneration* (continued)

1 July 2021 – 30 June 2022

Position	Responsibilities	Date appointed to position (End date of position)	Short term employee expenses Monetary expenses* $'000	Long term employee expenses $'000	Post-employment expenses $'000	Termination benefits $'000	Total $'000
Under Treasurer (Acting Under Treasurer)**	Responsible for executive leadership, strategic direction of the department and whole of government financial management	9-Sep-21 (29-Apr-21 to 8-Sep-21)	598	14	73	..	685
Deputy Under Treasurer (Acting Deputy Under Treasurer)**	Responsible for Economics and Fiscal	27-May-22 (29-Apr-21 to 26-May-22)	273	7	28	..	308
Deputy Under Treasurer (Acting Deputy Under Treasurer)**	Responsible for Social, Intergovernmental and Corporate	27-May-22 (5-Oct-21 to 26-May-2022)	223	5	21	..	249
Head, Strategic Policy (Acting Deputy Under Treasurer)**	Responsible for Strategic Policy Responsible for Policy, Performance and Corporate***	1-Dec-2021 (21-Jul-21 to 4-Oct-21)	194	5	21	..	220
Acting Deputy Under Treasurer	Responsible for Industry, Investment and Commercial	7-Feb-22	118	3	13	..	134
Commissioner of State Revenue and Registrar of SPER	Responsible for the Queensland Revenue Office	1-Jul-20	311	7	34	..	352
Deputy Under Treasurer	Responsible for Commercial and Investment***	29-Apr-21 to 30-Jan-22	143	4	17	..	164
Total Expenses			**1,860**	**45**	**207**	**..**	**2,112**

* Treasury does not have any non-monetary benefits to disclose in relation to its KMP.
** Represents the other position held by the KMP during the year.
*** The KMP responsibilities before organisational restructure effective 1 December 2021.

8 Supplies and services

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
Contractors and employment agency charges	90,260	46,782	57,137	46,782
Computer charges	30,923	27,519	30,923	27,519
Property charges and fees	24,950	22,094	24,892	22,094
Telecommunications, advertising and other materials and equipment	14,059	7,974	12,244	7,974
Professional legal fees, service fees and charges	8,643	8,697	8,643	8,697
Consultants	5,330	3,695	5,330	3,695
SPER call centre costs	4,923	5,749	4,923	5,749
Other supplies and services	5,877	703	2,261	703
	184,965	123,213	146,353	123,213

Accounting policy – Supplies and services

Treasury recognises expenses when incurred, usually when goods are received, or services are consumed, which may not be when the goods or services are paid for.

Payments for office accommodation under the Queensland Government Accommodation Office (QGAO) framework arise from non-lease arrangements with the Department of Energy and Public Works, who has substantive substitution rights over the assets used within the scheme. Payments are expensed as incurred and categorised within property charges and fees.

Lease arrangements that are of low value and short term are also expensed when incurred.

9 Grants and subsidies

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
Industry Attraction	58,462	45,615	58,462	45,615
Local government and authorities	..	12,693	..	12,693
Statutory bodies	573	7,290	573	7,290
Queensland departments	934	583	934	583
	59,969	66,181	59,969	66,181

Accounting policy – Grants and subsidies

Grants and subsidies are recognised when the grant/subsidy has been paid or when the recipient incurs the right to receive the grant.

Grants – Industry Attraction represents grants paid through various grants program which includes the Advance Queensland Industry Attraction Fund and Jobs and Regional Growth Fund.

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
10 Losses on assets				
Loss on buildings*	58,667	..	58,667	..
Net loss on fair value movement of investments**	10,861		10,861	..
Loss on intangibles***	..	13,893	..	13,893
Loss on license fee receivable	..	177	..	..
	69,528	14,070	69,528	13,893

*Refer to note 16.

**Net loss on fair value movement of investments in QIC for 2022–23, refer to note 15.

***Derecognition of intangibles in 2021–22 due to a change in software licensing arrangements.

11 Other expenses

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
Bank charges	2,172	1,553	2,172	1,553
Internal audit fees	984	950	984	950
External audit fees*	794	774	748	730
Qld Government Insurance Fund – insurance premiums	59	44	59	44
Sundry expenses	1,754	2,028	239	968
	5,763	5,349	4,202	4,245

*Total departmental audit fees quoted by the Queensland Audit Office relating to the 2022–23 financial statements for the parent entity is $497,000 (2022:$485,000), which excludes the whole of government financial statement audit costs. The whole of government audit fee for 2022–23 is $246,000 (2022: $240,000).

12 Income tax expense/(benefit)

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
Current tax comprises:				
Current tax on profit/(loss) for the year	(12,247)	659	..	..
	(12,247)	659	..	..
Deferred tax comprises:				
Increase/(decrease) in deferred tax asset/(liability)	22,869	(75)	..	..
	22,869	(75)	..	..
Income tax expense	10,622	584	..	..
Numerical reconciliation of income tax expense to prima facie tax payable:				
Profit/(loss) before income tax expense	(7,924)	1,910	..	..
Less: Profit/(loss) of non-taxable entities	853	(38)	..	..
Temporary difference not brought to account	44,183	..	..	..
Profit before income tax expense	35,406	1,948	..	..
Tax at the Australian company tax rate of 30%	10,622	584	..	..
Income tax expense	10,622	584	..	..

Accounting policy – Income tax expense

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

	Consolidated Entity		Parent Entity	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
13 Cash and cash equivalents				
Cash at bank – Surety	290,738	132,052	290,738	132,052
QTC Cash Fund	225,282	101,237	114,826	..
Cash at bank	97,189	189,320	96,363	189,318
Cash at bank – Fund	5,640	67,380	5,640	67,380
	618,849	489,989	507,567	388,750

Accounting policy – Cash and cash equivalents

Cash assets include all cash and deposits at call with financial institutions. QTC Cash Fund is utilised for short-term investments that are readily convertible to cash at Treasury's option and are subject to a low risk of changes in value. Cash at bank – Surety relates to the surety received for the Financial Provisioning Scheme. Cash at bank – Fund relates to the contributions and fees received for the Financial Provisioning Scheme.

Bank accounts grouped within the whole of government set-off arrangement with QTC do not earn interest on surplus funds. Interest earned on the aggregate set-off arrangement balance accrues in the Consolidated Fund.

14 Receivables

	Consolidated 2023	Consolidated 2022	Parent 2023	Parent 2022
Current				
Receivables of operating nature	14,504	3,408	13,265	3,408
Less: allowance for impairment	..	..	..	..
	14,504	3,408	13,265	3,408
Equity injection receivable	5,294	10,941	5,294	10,941
Loan receivable	8,228	7,743	..	..
Finance lease receivable	9,400	5,482	9,400	5,482
Annual leave and long service leave reimbursements	3,655	2,956	3,655	2,956
Lease receivable	1,708	1,635	..	..
Sundry receivables	5,998	3,397	5,998	3,397
	34,283	32,154	24,347	22,776
Total current	48,787	35,562	37,612	26,184
Non-current				
Lease receivable	97,997	99,704	..	..
Finance lease receivable	39,381	44,058	39,381	44,058
Loan receivable	16,280	23,002	..	..
Total non-current	153,658	166,764	39,381	44,058

14 Receivables (continued)

Accounting policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Receivables of an operating nature are recognised at the amounts due at the time of service delivery i.e. the agreed purchase/contract price. Settlement is generally required within 30 days from invoice date.

Loans receivable includes the Port of Brisbane loan receivable which is a non-derivative financial asset that is not quoted in an active market and are carried at amortised cost using the effective interest method. This is discounted at 6.55% and includes the rights to fixed annual payments up to 31 December 2025.

Lease receivable represent payments due from the Dalrymple Bay Coal Terminal Holdings Pty Ltd as primary lessee under the plant lease, on-shore sub-lease, offshore sub-sub-lease and road sub-sub-lease. The terms of the plant lease and on-shore sub-lease are 50 years each (28 years remaining), with options to renew for a further 49 years, while the off-shore sub-sub-lease and road sub-sub-lease terms are 99 years each. There are no guaranteed residuals for any of the leases. This does not qualify as a lease arrangement within the scope of AASB 16 *Leases*.

Accounting policy – Impairment of receivables

The allowance for impairment loss reflects expected credit losses and incorporates reasonable and supportable forward-looking information, including the impact of expected economic changes to Treasury's debtors, alongside with relevant industry data where applicable. The most readily identifiable loss event is where a debtor is overdue in paying a debt to Treasury and its controlled entities, according to the due date (normally terms of 30 days).

There is no allowance for impairment loss recognised for Treasury's receivables from Queensland Government agencies or Australian Government agencies based on materiality. Credit risk for these receivables are considered low.

If there is no expected credit loss event in respect of a debtor or group of debtors, no allowance for impairment loss is made with respect of that debt/group of debtors. If Treasury and its controlled entities determine that an amount owing by such a debtor does become uncollectable (after an appropriate range of debt recovery actions), that amount is recognised as a bad debt expense and written off directly against receivables.

Credit risk exposure of receivables

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets net of any provisions for impairments.

Credit risk exposure refers to the situation where Treasury and its controlled entities may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. Credit risk is managed pursuant to internal policies. These focus on the prompt collection of revenues due and payable to Treasury and follow-up of outstanding fees and charges within specified timeframes. Any write-offs require high level approval.

Treasury measures the lifetime expected credit loss on receivables using a provision matrix based on the ageing of debts. Receivables of an operating nature are assessed for probability of default or non-collection. Other factors such as payment arrangements and forward-looking information such as economic factors affecting the payment capacity and ability of debtors are also considered. There are no expected credit losses from receivables as at 30 June 2023.

Accounting policy – Finance lease

Treasury has recognised a finance lease receivable under AASB 16 as all the risks and rewards of ownership of the property have passed on to the lessee. Treasury does not retain the rights associated with the underlying assets. The finance lease is under a 10-year lease agreement with a private entity, where lease repayments will be made to Treasury over the term of the lease. Finance lease receivables are recognised at amounts representing the net investment in the lease. The implicit interest is recognised over the term of the lease as interest income.

14 Receivables (continued)

The following table sets out the maturity analysis of future undiscounted lease payments receivable under the finance lease.

	2023 $'000	2022 $'000
Less than 1 year	9,400	5,482
1 to 5 years	37,600	37,600
More than 5 years	18,421	27,822
Total	65,421	70,904

	Consolidated Entity		Parent Entity	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
15 Other financial assets				
Current				
Financial Provisioning Fund investments	63,089	60,891	63,089	60,891
	63,089	60,891	63,089	60,891
Non-current				
Backing Queensland Business Investment Fund	113,272	39,460	113,272	39,460
Business Development Fund	16,131	59,601	16,131	59,601
Licence fee receivable*	83,969	51,955	..	..
Investment in Repluca	2,797	4,000	2,797	4,000
	216,169	155,016	132,200	103,061

*The fair value is estimated based on projected trade volume and price growth taking into account the current economic conditions and is discounted at a rate of 11.5% (2022: 10.9%). The discount rate is applied against expected cash flow under a revenue sharing arrangement based on a pre-tax discount rate.

Accounting policy – Other financial assets

Treasury carries equity investments and other financial assets at fair value through profit and loss (FVTPL) under AASB 9 *Financial Instruments*.

Financial Provisioning Fund (FP Fund) Investments

Treasury's FP Fund invests in QIC Limited Cash Enhanced Fund in accordance with the requirements of *MERFP Act 2018.* The Fund invests in a short-term, liquid portfolio of low risk discount securities, term deposits and short-term floating rate notes. The equity investment is measured at FVTPL based on the net asset value of the fund as provided by QIC Limited as at reporting date. The fair value hierarchy for the FP Fund is a Level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly.

15 Other financial assets (continued)

Backing Queensland Business Investment Fund (BQBIF)

Treasury has established the BQBIF as part of Queensland Government's (COVID-19) Fiscal and Economic Review.

Currently, the BQBIF is composed of two sub-funds: Business Investment Fund (BIF) and Enterprise Acceleration Fund (EAF). The BIF promotes increased access to growth-stage capital while the EAF promotes increased access to early-stage capital for Queensland businesses. The EAF was established during the year with the transfer of capital held from the Business Development Fund.

The BQBIF is managed by QIC Limited and measured at FVTPL based on the net asset value of the fund as provided by QIC Limited as at reporting date. The fair value hierarchy for the BQBIF is a Level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly.

As at 30 June 2023, the gross value of investments in the BQBIF was $108.518 consisting of $80 million (2022:$40 million) in BIF and $28.518 million in EAF.

Business Development Fund (BDF)

The BDF invests in emerging and innovative Queensland businesses. The Fund is managed by QIC Limited. The fair value hierarchy for the BDF is a level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly. Investment in the BDF provides the co-investor with a call option (from the 2nd to 5th year of investment) and the BDF with a put option under limited circumstances (over the life of investment). The BDF treats the call and put option as embedded derivatives of the equity investment as they are closely related to the investment, and accounts for the entire investment as a single financial instrument. The fair value is determined depending on the holding period of the investment in the fund as follows:

(a) Investments held for less than 2 years – initial cost of investment

(b) Investments held between 2–5 years – cost plus interest (with interest calculated as QTC's 10-year bond rate plus 2%) as the call option provides a cap for any increase in fair value

(c) Investment held for more than 5 years – based on latest equity raised.

Over the life of the investment, decrease in fair value will be assessed for each investment by identifying any indicators of fair value drop based on information provided by the investees' management teams and may include valuations attributed to the investee as a result of subsequent funding rounds, audited or unaudited financial statements, cash flow projections and other management reports.

The are no additional investments to Queensland businesses under the BDF. Any available uncommitted funds held in the BDF were transferred to the EAF.

License fee receivable

QTH carries license fee receivable as a financial asset at FVTPL. The fair value of the license fee receivable is based on a revenue sharing arrangement whereby Brisbane Port Holdings Pty Ltd (BPH), a controlled entity of QTH was to receive a percentage of revenue above a hurdle amount from the Port Manager, Port of Brisbane Pty Ltd (PBPL), for a period of 35 years. In 2011, QTH made an upfront payment of $121 million to BPH for the rights to these cash flows using funds provided from QTC. The upfront payment was based on assumed volume growth for the Port of Brisbane using macroeconomic forecasts combined with analysis of local market and supply chain constraints. The license fee which is payable up to 2050 has been valued using the present discounted value of the future expected cash flows. These cash flows are discounted at a rate which considers the risks and uncertainties which exposes QTH to volatility over future revenues and therefore the valuation of the investment. At each balance date the receivable is reviewed incorporating current projections of trade volumes and price growth. This method is used to estimate the fair value as there is no active market for a receivable of this type.

15 Other financial assets (continued)

Investment in Repluca

Treasury invested $4 million in the QIC Limited cash fund established for the purpose of investing in shares of Repluca as Queensland Government's support for the research and development of drugs for the treatment of various cancers. The funding source for this investment is an equity injection from the Consolidated Fund. As at 30 June 2023, the cash fund has invested $2.5 million in Repluca and $1.5 million remaining in the cash fund.

QIC Limited manages the investment of the fund. The fund invests in Repluca based on the schedule of tranches payment as per the Shareholders Subscription Agreement. Remaining payment of tranches has not been made in 2022–23 due to the failure of Repluca in meeting mandated milestones.

The investment is measured at FVTPL. The fair value hierarchy is considered a Level 2 input as it is based on substantially derived inputs that are observable either directly or indirectly.

	Consolidated Entity		Parent Entity	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
16 Property, plant and equipment				
Land – at fair value	165,000	77,000	165,000	77,000
Buildings – at fair value	..	88,000	..	88,000
Less: accumulated depreciation	..	(4,889)	..	(4,889)
Net carrying amount	..	83,111	..	83,111
Plant and equipment – at cost	937	214	907	214
Less: accumulated depreciation	(264)	(159)	(264)	(159)
Net carrying amount	673	55	643	55
Land held for construction – at cost	6,725	..	..	..
Total Property, plant and equipment	172,398	160,166	165,643	160,166

Accounting policy – Property, plant and equipment

Recognition

Items of property, plant and equipment with a historical cost equal to or exceeding the following thresholds in the year of acquisition are recognised as property, plant and equipment in the following classes:

- Land $1
- Buildings $10,000
- Plant and Equipment $5,000

Items with a lesser value are expensed in the year of acquisition. Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for Treasury. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Historical cost is used for the initial recording of all property, plant and equipment acquisitions. Historical cost is determined as the value given as consideration and costs incidental to the acquisition, plus all other costs incurred in getting the assets ready for use.

16 Property, plant and equipment (continued)

Measurement

Land and buildings are measured at fair value as required by Treasury's Non-Current Asset Policies for the Queensland Public Sector. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation. The cost of items acquired during the financial year are considered to materially represent their fair value at the end of the reporting period.

Plant and equipment are measured at historical cost in accordance with Treasury's Non-Current Asset Policies for the Queensland Public Sector. The carrying amounts are not materially different from their fair value.

Land that is acquired and held for construction prior to cost being incurred for the capital project is recognised and valued at cost and will not be depreciated and revalued. Once project costs are recognised, the value of the land will be transferred to capital works-in-progress.

Revaluation at fair value

Land and Buildings measured at fair value are assessed on an annual basis either by appraisals undertaken by an independent professional valuer or by use of appropriate and relevant indices.

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that class.

Depreciation

Property, plant and equipment is depreciated on a straight-line basis to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department. Straight line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to Treasury.

Land is not depreciated as it has an unlimited useful life.

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. These assets are then reclassified to the relevant class within property, plant and equipment.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the department.

For Treasury's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Property, plant and equipment	**Depreciation rate**
Building	33%
Plant and equipment	20% – 33%

Impairment

All property, plant and equipment are assessed for indicators of impairment on an annual basis, or where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed. Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, Treasury determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Recoverable amount is equal to the higher of the fair value less costs of disposal and the asset's value in use.

For assets measured at fair value, the impairment loss is treated as a revaluation decrease and offset against the revaluation surplus of the relevant asset class to the extent available. Where no revaluation surplus is available for the asset class, an impairment loss is recognised in the Statement of Comprehensive Income. When the asset's carrying amount exceeds the recoverable amount, an impairment loss is recognised.

Land and buildings

Treasury has acquired land and buildings amounting to $165 million on 16 May 2022 currently used as a glass manufacturing and recycling facility. The land was acquired in the 2021–22 financial year as part of the State's planning for the delivery of the Brisbane 2023 Olympic and Paralympic Games. The buildings were initially assigned to have an estimated useful life of 3 years based on the use of the buildings to support existing business operations on the site until 2025.

16 Property, plant and equipment (continued)

Based on the recent valuation report for 2022–23, an increase in the value of the land amounting to $88 million has been recognised as a revaluation increase resulting in the total purchase price of $165 million attributed to the land. The building is considered as having no future economic benefit to Treasury as its highest and best use is for redevelopment which will occur once the buildings are demolished. As a result, the building has been derecognised in accordance with the requirements of AASB 116 *Property, Plant and Equipment* and a loss on derecognition amounting to $58.667 million is recognised as at 30 June 2023 (note 10).

The fair value hierarchy for the land and buildings are based on a Level 2 input. Fair value of land as at 30 June 2023 is $165 million (2022: $77 million) and buildings is $0 (2022: $83.111 million).

Reconciliation	Land		Buildings		Plant and equipment		Land held for construction		Assets Held for Sale**		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Carrying amount at 1 July	77,000	5,515	83,111	6,098	55	94		..	..	22,000	160,166	33,707
Acquisitions	..	77,000	..	88,000	723	..	6,725	..	..	..	7,448	165,000
MoG transfer out**	..	(1,850)	..	(4,851)	..	..		..	..	(26,464)	..	(33,165)
Disposals / derecognition	..	..	(58,667)	..	..	..		..	..	(2,733)	(58,667)	(2,733)
Transfers between asset classes	..	(5,337)	..	(1,860)	..	..		..	..	7,197	..	..
Revaluation increment	88,000	1,672	..	723	..	..		..	..	..	88,000	2,395
Depreciation	..	..	(24,444)	(4,999)	(105)	(39)		..	..	..	(24,549)	(5,038)
Carrying amount at 30 June	165,000	77,000	..	83,111	673	55	6,725	..	..	..	172,398	160,166

**Assets held for sale information relates to the movement between asset classes in 2021-22 as a result of land and buildings sold ($2.733M) and assets transferred out to the Department of State Development, Infrastructure, Local Government and Planning ($26.5M) as part of the machinery-of-government changes.

	Consolidated Entity 2023 $'000	Consolidated Entity 2022 $'000	Parent Entity 2023 $'000	Parent Entity 2022 $'000
17 Deferred tax asset				
Attributable to temporary differences:				
Investments in subsidiaries – DBCTH	(178)	(178)	..	..
Long term receivable – licence fee*	11,184	20,789	..	..
Leases and employee benefits	534	..		
Accrued audit fees	14	13	..	..
Subsidiary tax loss carry forward	25	35	..	..
	11,579	20,659	..	..

Accounting policy – Deferred tax asset

*QTH has recognised a deferred tax asset in relation to the difference between the purchase price of a long-term receivable and its carrying amount. This receivable was originally recognised by QTH in 2011 at $121.2 million and is currently recognised at its fair value of $84 million due to the timing of the related cash flows which have been forecast to 2050. The long-term receivable has been discounted at 11.54% (2022: 10.9%) based on a pre-tax discount rate. The associated deferred tax asset has not been discounted based on the requirement of AASB 112 *Income Taxes*.

Deferred tax liabilities are recognised for all taxable temporary differences between the carrying amount of assets and the corresponding tax base which is netted off against deferred tax asset.

	Consolidated Entity		Parent Entity	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
18 Payables				
Current				
Cash surety payable	290,738	132,052	290,738	132,052
Deferred appropriation payable to Consolidated Fund	57,636	130,377	57,636	130,377
Payables of operating nature	25,182	17,250	17,299	17,250
Equity withdrawal payable	16,154	11,326	16,154	11,326
Other payables*	3,825	4,708	2,562	3,873
	393,535	295,713	384,389	294,878
Non-current				
Payables of operating nature	740	625	..	..
	740	625	..	..

*Other payables include interdepartmental payable, tax payable, grants payable and capital gains tax.

Accounting policy – Payables

Current payables are recognised upon receipt of goods and services at the agreed purchase price. Amounts owing are paid within 20 calendar days for eligible invoices for small businesses as per the Queensland Government On-Time Payment Policy.

Cash surety for the Financial Provisioning Scheme is recognised as a liability when the cash is received. The surety is payable on demand to the environmental authority holder as the surety provided can be replaced with another form of surety approved by the Scheme Manager.

Deferred appropriation for services payable is recognised to reflect unused appropriation funding by Treasury to be returned to the Consolidated Fund. Refer to note 3 for recognition of deferred appropriation for departmental services payable.

	Consolidated Entity		Parent Entity	
	2023	2022	2023	2022
	$'000	$'000	$'000	$'000
19 Interest bearing liabilities				
Current loans with QTC				
Working Capital Facility*	54,114	..	..	..
Long-term lease loan**	1,708	1,635	..	..
	55,822	1,635		..
Non-current loans with QTC				
Long-term lease loan**	97,997	99,704	..	..
	97,997	99,704	..	..

*Queensland Hydro has an approved overdraft facility with QTC with a limit of $175 million. The balance remaining at 30 June 2023 is $121 million and is available for use in the next financial year. The current interest rate is 4.1%.

**The Dalrymple Bay Coal Terminal long-term Lease Loan of QTH from QTC, a related party, is for a period of 50 years (28 years remaining), unless terminated earlier. Interest on the loan is fixed at 4.8% per annum, calculated on the daily balance and payable in arrears on each date rent is payable. A first ranking registered fixed and floating charge has been granted by DBCTH in favour of QTC over all the assets and undertakings of DBCTH.

Accounting policy – Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value, net of transaction costs incurred with subsequent measurement at amortised cost using the effective interest rate method. Interest and fees payable are recognised in the period in which they are incurred.

	Consolidated Entity		Parent Entity	
	2023	2022	2023	2022*
	$'000	$'000	$'000	$'000
20 Commitments				
Capital expenditure commitments				
Commitments for capital expenditure, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:				
Not later than one year	58,915	..	49,689	..
Later than one year and not later than five years	16,775	..	16,775	..
Later than five years	..	..		..
Total commitments	75,690	..	66,464	..
Operating expenditure commitments				
Material operating expenditure commitments, inclusive of GST, contracted for but not recognised in the financial statements are payable as follows:				
Not later than one year	79,357	124,197	78,893	123,759
Later than one year and not later than five years	160,014	150,968	158,156	149,215
Later than five years	131,563	105,253	118,528	92,515
Total commitments	370,934	380,418	355,577	365,489

*The 2021-22 comparative amounts have been restated to reflect additional operating expenditure commitments amounting to $16 million that was not reported as at 30 June 2022.

Treasury also has outstanding commitment of $11.713 million for 2023–24 relating to a finance lease agreement.

Operating expenditure commitments include a lease commitment for a new office accommodation commencing on 1 October 2023. Under the lease, the lessor will provide Treasury an unconditional lease incentive of $30 million as contribution to the fit-out costs or by way of reduction of lease expense over the term of the lease. There is also a corresponding reduction in the existing lease commitment for 1 William Street.

21 Contingencies

Financial Provisioning Scheme

Treasury holds non-cash surety in the form of bank guarantees and insurance bonds. Non-cash surety held by the Scheme Manager at 30 June 2023 is:

- Bank guarantees $5,333.724 million (2022: $4,481.975 million)
- Insurance bonds $1,676.118 million (2022: $1,584.338 million)

As at 30 June 2023, notices to provide surety have been issued to environmental authority holders for an aggregate value of $97.720 million (2022: $254.787 million). Subsequent to year end, the Department of Environment and Science has indicated to the Scheme Manager that claims totalling approximately $14 million may be made against surety in the 2023-24 period. The timing of when these claims will be made is yet to be determined.

Guarantees

Guarantees held include bank guarantees in relation to the Advance Queensland Industry Attraction Fund and Jobs and Regional Growth Fund for financial security against non-conformance of grant agreements. The total value of bank guarantees as at 30 June 2023 is $50.883 million (2022: $27.170 million).

Other bank guarantees and bonds held as at 30 June 2023 amounts to $31.500 million (2022: $61.683 million).

Environmental obligations

QTH has exposure to claims made against it through its subsidiaries and associated companies in relation to any pre-existing contamination of land assets. At balance date, there have been no claims made against QTH.

Land Tax

Under the Port of Brisbane Share Sale and Purchase Agreement, the State has agreed to pay to the port lessee any portion of the port lessee's land tax liability in years the land tax assessment for the leased area exceeds the estimated land tax assessment. The obligations are subject to certain conditions, including the lessee pursuing any objection available to it in relation to an assessment, and are limited to assessment years up to and including 30 June 2025. At balance date, there have been no payments made to the port lessee.

22 Controlled entities

The following entities are controlled by Treasury:

Name of Entity	Purpose and principal activities of the entity	% Interest in entity and basis of control	Total assets $'000		Total liabilities $'000		Total revenue $'000		Operating result $'000	
			2023	2022	2023	2022	2023	2022	2023	2022
Queensland Treasury Holdings Pty Ltd	Acts as corporate vehicle through which the Queensland Government invests in assets of strategic importance to the State	The Under Treasurer holds 60% of class "A" shares enabling control	330,221	306,146	100,945	102,799	42,588	7,926	25,929	1,326
Queensland Hydro Pty Ltd	State-owned proprietary limited company responsible for planning, delivering and operating Pumped Hydro Energy Storage assets	The Under Treasurer holds 100% shares enabling control	20,865	..	64,475	..	211	..	(44,475)	..

QTH holds 100% ownership interest in the following controlled entities:

- Brisbane Port Holdings Pty Ltd
- DBCT Holdings Pty Ltd
- Queensland Lottery Corporation Pty Ltd
- Queensland Airport Holdings (Cairns) Pty Ltd (dormant)
- Queensland Airport Holdings (Mackay) Pty Ltd (dormant)
- Network Infrastructure Company Pty Ltd (dormant)

Queensland Hydro is a state-owned proprietary limited company established on 3 August 2022 as a wholly owned subsidiary of Powerlink. On 30 September 2022, shares were transferred from Powerlink to the Under Treasurer as the Trustee for the State and has become 100% state-owned entity. The 2022-23 amounts consolidated with Treasury represents balances for the period 3 August 2022 to 30 June 2023.

The consolidated financial statements of Treasury comprise the transactions and balances of Treasury and the directly controlled entities listed above. The auditor for Treasury and all controlled entities is the Auditor-General of Queensland.

23 Events occurring after balance date

There are no other matters or circumstances which have arisen since the end of the financial year that have significantly affected Treasury and its controlled entities.

24 Financial instruments

(a) Accounting policy

Recognition

Financial assets and financial liabilities are recognised in the Statements of Financial Position when Treasury becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

1. Financial assets – held at amortised cost
    - Receivables including loans and advances (notes 14 and 37)

2. Financial assets – held at fair value through profit and loss (notes 15 and 38)
    - Licence fee receivable
    - Other financial assets
        - Investment in BQBIF
        - Investment in BDF
        - Investment in Repluca
        - Investment in the FP Fund
        - Investment in the Queensland Future Fund

3. Financial liabilities – held at amortised cost
    - Payables (notes 18)
    - Interest bearing liabilities – Commonwealth borrowings, QTC borrowings and advances payable to Government-Owned Corporation (GOCs) QTH long-term lease loan, Queensland Hydro interest bearing liabilities (notes 19 and 39)

Disclosures on the administered financial instruments are included in note 41.

(b) Categorisation of financial instruments

The consolidated entity has the following categories of financial assets and financial liabilities:

Category	Note	Consolidated Entity 2023 $'000	2022 $'000
Financial assets			
Cash and cash equivalents	13	618,849	489,989
Receivables	14	202,445	202,326
Other financial assets	15		
Investment in BQBIF		113,272	39,460
Licence fee receivable		83,969	51,955
Investment in FP Fund		63,089	60,891
Investment in BDF		16,131	59,601
Investment in Repluca		2,797	4,000
Total		1,100,552	908,222
Financial liabilities			
Payables	18	392,829	295,346
Interest bearing and lease liabilities	19	153,819	101,339
Total		546,648	396,685

(c) Financial risk management

The consolidated entity's activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk.

Financial risk management is implemented pursuant to government and Treasury policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of Treasury.

Treasury and its controlled entities manage exposure to these financial risks through advice and consultation with QTC primarily in relation to borrowing activities and advice from QIC Limited on the investments. Risk management parameters are reviewed regularly to reflect changes in market conditions and changes to Treasury and its controlled entities' activities.

24 Financial instruments (continued)

(d) Liquidity risk

Liquidity risk refers to the situation where Treasury may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Treasury and its controlled entities manage liquidity risk by ensuring that they have sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts to match the expected duration of the various employee and supplier liabilities.

QTH and Queensland Hydro is exposed to liquidity risk through its borrowings with QTC, with QTH exposure mitigated by back to back arrangements on debt obligations.

The following table sets out the liquidity risk in relation to financial liabilities held by the consolidated entity. It represents the remaining contractual cash flows (principal and interest) of financial liabilities at the end of the reporting period.

Consolidated	Note	2023 payable in			Total undiscounted cash flow	Carrying amount
		< 1 year	1 - 5 years	> 5 years		
		$'000	$'000	$'000	$'000	$'000
Financial liabilities						
Payables	18	392,829	..	..	392,829	392,829
Interest bearing liabilities	19	60,585	25,882	150,169	236,636	153,819
Total		453,414	25,882	150,169	629,465	546,648

Consolidated	Note	2022 payable in			Total undiscounted cash flow	Carrying amount
		< 1 year	1 - 5 years	> 5 years		
		$'000	$'000	$'000	$'000	$'000
Financial liabilities						
Payables	18	295,346	..	..	295,346	295,346
Interest bearing liabilities	19	6,471	25,882	156,639	188,992	101,339
Total		301,817	25,882	156,639	484,338	396,685

(e) Credit risk

Treasury and QTH is exposed to credit risk primarily through its investments in the QTC Cash Fund. The QTC Cash Fund is an asset management portfolio that invests with a wide variety of high credit rated counterparties. Deposits with the QTC Cash Fund are capital guaranteed (note 13).

QTH and Queensland Hydro is also exposed to credit risk in relation to its receivable arrangements. QTH entered into a receivable arrangement with BPH. BPH has assigned its rights to QTH to receive money payable to it by the Port Manager, Port of Brisbane Pty Ltd (note 15).

Credit risk exposure of Treasury from its receivables is disclosed in note 14.

(f) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange, interest rates and equity prices will affect Treasury and its controlled entities income or value of its holdings of financial instruments. The objective is to manage and control market risk exposure within acceptable parameters, while optimising return within desired frameworks.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

24 Financial instruments (continued)

(f) Market risk

Treasury and its controlled entities are exposed to interest rate risk through the following:

- cash accounts (including QTC Cash Fund)
- Financial Provisioning Scheme investments
- finance lease
- investments still held in the QIC Limited Cash Fund for BQBIF and Repluca, and BDF for investments held between 2–5 years.
- Borrowings with QTC

All other financial assets and financial liabilities have fixed interest rates in nature.

Equities risk

Treasury is exposed to equities risk from the movements in the share prices of the entities through its investments in BQBIF, Repluca, BDF and FP Fund.

Sensitivity analysis

Interest rates

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the outcome on comprehensive income and equity if interest rates were to change by +/- 1.00% for 2023 (2022: +/- 1.00%) to reflect current expectations of future interest movement in the next 12 months from year-end rates applicable to Treasury's financial assets and liabilities.

		2023 Interest rate risk*			
Consolidated	**Carrying amount**	**-1.00%**		**1.00%**	
Financial instruments		**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash	522,486	(5,225)	(5,225)	5,225	5,225
Finance lease receivable	48,782	(488)	(488)	488	488
Investment in BQBIF	43,921	(439)	(439)	439	439
Investment in FP Fund	38,137	(381)	(381)	381	381
Investment in BDF**	15,875	(159)	(159)	159	159
Investment in Repluca	1,547	(15)	(15)	15	15
Borrowings - Working Capital Facility	(54,114)	541	541	(541)	(541)
Potential impact		(6,166)	(6,166)	6,166	6,166

*excludes fixed rate or non-interest bearing assets
**only includes investment held between 2-5 years

		2022 Interest rate risk*			
Consolidated	**Carrying amount**	**-1.00%**		**1.00%**	
Financial instruments		**Profit**	**Equity**	**Profit**	**Equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Cash	300,671	(3,007)	(3,007)	3,007	3,007
Investment in FP Fund	60,891	(609)	(609)	609	609
Finance lease receivable	49,541	(495)	(495)	495	495
Investment in BDF**	30,948	(309)	(309)	309	309
Investment in BQBIF	10,532	(105)	(105)	105	105
Investment in Repluca	1,500	(15)	(15)	15	15
Potential impact		(4,541)	(4,541)	4,541	4,541

*excludes fixed rate or non-interest bearing assets
**only includes investment held between 2-5 years

24 Financial instruments (continued)

Market risk (continued)

Equities

Sensitivity analysis for equity instruments is based on a reasonably possible change in equity prices which is estimated at +/- 10% (2022: +/- 10%).

Financial instruments	Carrying amount	2023 Equities -10% Profit	-10% Equity	10% Profit	10% Equity
	$'000	$'000	$'000	$'000	$'000
Investment in BQBIF	69,350	(6,935)	(6,935)	6,935	6,935
Investment in FP Fund	24,952	(2,495)	(2,495)	2,495	2,495
Investment in Repluca	1,250	(125)	(125)	125	125
Investment in BDF	256	(26)	(26)	26	26
Potential impact		(9,581)	(9,581)	9,581	9,581

Financial instruments	Carrying amount	2022 Equities -10% Profit	-10% Equity	10% Profit	10% Equity
	$'000	$'000	$'000	$'000	$'000
Investment in FP Fund	60,891	(6,089)	(6,089)	6,089	6,089
Investment in BQBIF	28,928	(2,893)	(2,893)	2,893	2,893
Investment in Repluca	2,500	(250)	(250)	250	250
Investment in BDF	561	(56)	(56)	56	56
Potential impact		(9,288)	(9,288)	9,288	9,288

(g) Fair value

Fair value hierarchy

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

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

Classification of instruments into fair value hierarchy levels is reviewed annually, and any transfers are deemed to occur at the end of the reporting period. There were no transfers between Level 1 and Level 2 and no transfers in or out of Level 3 during the year ended 30 June 2023.

24 Financial instruments (continued)

(g) Fair value (continued)

Class		Classification according to fair value hierarchy			2023 Carrying amount
		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Cash and cash equivalents		393,567	225,282	..	618,849
License fee receivable		..	..	83,969	83,969
Investment in BQBIF		..	113,272	..	113,272
Investment in FP Fund		..	63,089	..	63,089
Investment in BDF		..	16,131	..	16,131
Investment in Repluca		..	2,797	..	2,797
Total		393,567	420,571	83,969	898,107

Class		Classification according to fair value hierarchy			2022 Carrying amount
		Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets					
Cash and cash equivalents		388,752	101,237	..	489,989
License fee receivable		..	..	51,955	51,955
Investment in BQBIF		..	39,460	..	39,460
Investment in BDF		..	59,601	..	59,601
Investment in Repluca		..	4,000	..	4,000
Investment in FP Fund		..	60,891	..	60,891
Total		388,752	265,189	51,955	705,896

The inputs used in the classification of Level 2 instruments at fair value are as follows:

- QTC Cash Fund is measured at net realisable value
- Investment in BDF is measured based on the net asset value which incorporates cost of the investment adjusted for the interest and latest equity raised (for investments more than 5 years). Fair value decreases incorporate assessment of cash flow projections and going concern for investees
- Investment in FP Fund is measured based on the fair value of the short-term investments held in the fund such as low risk discount securities, term deposits, short-term floating rate notes
- Investment in BQBIF is measured based on the net asset value of the fund
- Investment in Repluca is measured based on the net investment in the entity and value of the remaining cash fund.

The input used in the classification of Level 3 instruments where fair value is disclosed:

- Licence fee receivable cash flows are discounted at 11.5% per annum (2022:10.90%) using projections of trade revenue and price growth inflated at CPI.

The lease receivable and associated interest-bearing liabilities (lease loan and novation loan) are back to back leasing arrangements held by DBCTH. Both the other receivable and associated loan fair values are reasonably approximate to the carrying value at balance date due to the offsetting nature of these arrangements.

24 Financial instruments (continued)

(g) Fair value (continued)

The carrying amount of financial assets and liabilities measured at amortised cost approximates their fair value at reporting date except for the following financial asset:

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial asset				
Loan receivable*	24,508	25,567	30,745	32,390
Total	24,508	25,567	30,745	32,390

* This relates to QTH. The fair value is based on discounted present value using a discount rate considering the entity specific risks and using valuation techniques.

25 Budget vs actual comparison

Note – A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Changes in Equity, as major variances relating to that statement have been addressed in explanation of major variances for other statements.

Certain responsibilities were transferred to Treasury as part of the machinery of government changes in 2022–23 (refer to note 2 (c). The budget figures used in this comparison represent the Adjusted budget figures for 2022–23, as published in the latest (2023–24) Service Delivery Statements tabled in Parliament. The original budget figures used in the previous Service Delivery Statements no longer serve as a useful basis to compare to Treasury's actual results.

Explanation of major variances for Controlled Statement of Comprehensive Income

Note 3 Appropriation revenue

The decrease is primarily due to realignment of funding to future years for a number of initiatives ($165.837 million), including the Invested in Queensland Program ($84.896 million), Queensland Revenue Office's Debt Management System ($31.729 million), the Advance Queensland Industry Attraction Fund ($18.982 million) and Jobs and Regional Growth Fund ($16.799 million). Also contributing is funding returned to the Consolidated Fund associated with cost savings achieved ($18.298 million). This is partially offset by funding received for depreciation and write-off of building assets associated with the South Brisbane property ($83.111 million).

Note 5 Interest revenue

The increase is mainly due to higher than expected interest earnings and investment returns for the Financial Provisioning Scheme of $10.028 million.

Grants and contributions

The increase reflects additional contributions towards the whole of government banking and financial services procurement Project of $1.350 million from other government departments.

Other revenue

The increase mainly relates to the contribution to the Treasury Portfolio from Trade and Investment Queensland ($0.550 million), higher cost reimbursements received ($0.357 million), and goods and services received below fair value for the State Archives ($0.142 million).

Note 8 Supplies and services

The decrease is mainly due to the revision of timeframes for a number of initiatives, including the Queensland Revenue Office's Debt Management System ($31.729 million), Mental Health Levy implementation ($8.469 million), Local Government Authorities Debt Collection Services ($4.835 million), Invested in Queensland Program ($3.215 million) and the Debt Recovery and Compliance Program ($2.620 million). Also contributing is cost savings achieved with funding returned to the Consolidated Fund ($18.298 million).

25 Budget vs actual comparison (continued)

Explanation of major variances for Controlled Statement of Comprehensive Income (continued)

Note 9 Grants and subsidies

The decrease is primarily due to lower than anticipated grant payments associated with the Invested in Queensland Program ($81.474 million), Advance Queensland Industry Attraction Fund ($18.982 million), and the Jobs and Regional Growth Fund ($16.799 million). Also contributing is the provisional expenses associated with the Financial Provisioning Scheme ($16.423 million) and emerging whole of government priorities ($11.842 million) not required in 2022–23.

Note 10 Losses on assets

The increase is primarily due to the write-off of building assets associated with the South Brisbane property ($58.667 million). Also contributing is the impact of fair value adjustments for investments ($10.860 million) during 2022–23, including the BDF, BQBIF and Repluca.

Depreciation and amortisation

The increase is mainly due to depreciation expenses recognised prior to the write-off of the buildings associated with the South Brisbane property ($24.444 million).

Explanation of major variances for Controlled Statement of Financial Position

Note 13 Cash and cash equivalents

The increase primarily relates to the Financial Provisioning Scheme ($302.482 million) as a result of higher cash surety held under the MERFP Act and higher QTC Cash Fund balances.

Note 14 Receivables – current

The increase mainly relates to higher receivables for contributions towards the FP Fund ($10.375 million) and an equity injection receivable associated with the fair value adjustment for the BQBIF investments ($5.293 million). This is partially offset by a decrease in appropriation receivable ($6.972 million).

Note 15 Other financial assets – current

The increase relates to the FP Fund's investments with QIC.

Other assets

The increase reflects increased prepayments of $4.271 million mainly relating to SAP products and services in Queensland Revenue Office.

Note 14 Receivables – non current

The decrease reflects the level of finance lease receivable.

Note 15 Other financial assets – non current

The decrease mainly relates to the fair values decreases associated with investments in the BDF ($20.887 million) and Repluca ($1.203 million), partially offset by the fair value increase associated with the BQBIF investments ($4.791 million).

Note 18 Payables

The increase is mainly due to increased appropriation payable ($52.513 million) and increased payables to Environmental Authority holders associated with cash surety held under the MERFP Act ($211.606 million). Also contributing are equity withdrawal payables associated with fair value adjustments for investments ($16.154 million).

Accrued employee benefits

The increase mainly relates to higher than budgeted annual leave central scheme levy payable ($0.804 million).

Accumulated surplus

The increase mainly relates to accumulated surpluses associated with the FP Fund.

25 Budget vs actual comparison (continued)

Explanation of major variances for Controlled Statement of Financial Position (continued)

Revaluation surplus

The increase relates to the revaluation of land at the South Brisbane property.

Contributed equity

The decrease is mainly due to equity withdrawals to return funding received to the Consolidated Fund for the depreciation and write-off of building asset associated with the South Brisbane property ($88 million). Also contributing are equity withdrawals associated with the fair value adjustment for investments ($17.299 million) and the return of funding received in prior years for the implementation of the Financial Provisioning Scheme ($7.893 million).

Explanation of major variances for Controlled Statement of Cash Flows

Cash inflows from operating activities

Appropriation receipts

The decrease is primarily due to a decrease in appropriation revenue ($98.871 million) and decreased appropriation payables ($56.168 million).

Surety receipts from Financial Provisioning Scheme

The increase reflects the level of cash surety collected from the Environmental Authority holders.

User charges and fees

The decrease is mainly due to lower than expected contributions from the Environmental Authority holders towards the Financial Provisioning Fund ($3.322 million) and no service fee being collected as part of the Local Government Authorities Debt Collection Services ($4.067 million). Also contributing is the amount GST collected from customers being budgeted as User charges and fees while actual GST collected is reported as a separate inflow ($4.823 million).

Grants and other contributions

The increase reflects higher contributions towards the whole of government banking and financial services procurement project of $1.350 million from other government departments.

GST input tax credits from Australian Taxation Office (ATO)

The increase is due to the amount of Input tax credits paid by the Australian Taxation Office (ATO) for supplier invoices processed which was budgeted as Other Inflows. The actual Input tax credits received is $15.055 million higher than budget.

GST collected from customers

The increase is due to the amount of GST collected from customers from sale of goods and services being budgeted as User charges and fees while actual GST collected is reported as a separate inflow. The actual GST collected is $3.087 million lower than budget.

Interest received

The increase is mainly due to higher than expected interest earnings and investment returns for the Financial Provisioning Scheme.

Other inflows

The decrease mainly relates to $6.204 million in Input tax credits received from ATO being budgeted as Other Inflows while the actual Input tax credits received is reported as a separate inflow. This is partially offset by unbudgeted revenue relating to the contribution to the Treasury Portfolio from Trade and Investment Queensland ($0.550 million).

25 Budget vs actual comparison (continued)

Explanation of major variances for Controlled Statement of Cash Flows (continued)

Cash outflows from operating activities

Supplies and services

The decrease is mainly due to the decrease in Supplies and Services expense of $65.184 million. Also contributing is GST paid to suppliers for goods and services purchased being budgeted as Supplies and Services while the actual GST paid to suppliers being reported as a separate outflow ($6.204 million).

Grants and subsidies

The decrease is primarily due to lower than anticipated Grant expenses of $140.087 million, partially offset by payments made in 2022-23 for grant payables at the end of 2021-22 ($1.113 million).

GST remitted to ATO

The increase is mainly due to GST remitted to ATO being budgeted as Other outflow while the actual GST remitted to ATO is reported as a separate outflow. The actual GST remitted to ATO is $3.265 million lower than budget.

GST paid to suppliers

The increase is mainly due to GST paid to suppliers for goods and services purchased being budgeted as Supplies and Services. The actual GST paid to suppliers is $14.916 million higher than budget.

Other outflows

The decrease is mainly due to $4.823 million in GST remitted to ATO being budgeted as Other outflow but reported as a separate outflow.

Cash flows from investing activities

Lease payments received

The decrease is a result of repayment for finance leases scheduled for 2022–23 being received in advance during 2021–22.

Proceeds from investments

The decrease relates to the transfer of realised capital from BDF to EAF being budgeted as cash inflow and outflow ($22 million) but not reported as cashflows.

Payments for investments

The increase relates to additional investment in BQBIF scheduled for 2021-22 being delayed to 2022-23 ($20 million) and investments associated with the Financial Provisioning Scheme ($2.198 million). This is partially offset by the transfer of realised capital from BDF to EAF being budgeted as cash inflow and outflow ($22 million) but not reported as cashflows.

Lease payments made

The increase is a result of the finance lease payments scheduled for 2021-22 being delayed to 2022-23.

Cash flows from financing activities

Equity injection

The increase mainly relates to the receipt of equity injection associated with fair value adjustment for Dalrymple Bay Coal Terminal prior the transfer of the asset to the Consolidated Fund ($10.941 million).

Equity withdrawal

The increase is mainly due to equity withdrawals to return funding received to the Consolidated Fund for the depreciation and write-off of building asset associated with the South Brisbane property ($88 million). Also contributing are equity withdrawals associated with the fair value adjustment for investments ($5.936 million) and the return of funding received in prior years for the implementation of the Financial Provisioning Scheme ($7.893 million).

	Notes	2023 Actual $'000	2023 Adjusted budget* $'000	2023 Budget variance* $'000	2022 Actual $'000
Income and expenses administered on behalf of the whole of government					
Income from operations					
Grants and other contributions	26	26,179,671	23,827,448	2,352,223	22,418,057
Taxes	27	17,021,737	15,430,758	1,590,979	16,639,053
Royalties	28	18,171,625	7,607,921	10,563,704	8,876,649
Appropriation revenue	29	7,474,166	7,077,645	396,521	6,644,614
Fees and other revenue	30	1,071,257	1,097,685	(26,428)	789,140
Interest revenue	31	677,677	565,110	112,567	511,008
Total revenue		70,596,133	55,606,567	14,989,566	55,878,521
Gain on fair value movement of other financial assets	38	83,528	44,540	38,988	..
Total income from operations		70,679,661	55,651,107	15,028,554	55,878,521
Expenses from operations					
Finance/borrowing costs	32	1,353,940	1,510,276	(156,336)	1,226,311
Losses on assets	33	139,087	57,844	81,243	685,040
Grants and subsidies	34	356,793	296,259	60,534	417,645
Supplies and services		170,794	133,141	37,653	128,075
Other expenses	35	5,382,011	5,137,969	244,042	4,762,725
Total expenses from operations		7,402,625	7,135,489	267,136	7,219,796
Operating result before transfers to government		63,277,036	48,515,618	14,761,418	48,658,725
Transfers of administered revenue to government		62,658,955	47,979,663	14,679,292	48,682,924
Total administered comprehensive income		618,081	535,955	82,126	(24,199)

* An explanation on the use of adjusted budget amounts and major variances is included in note 42.
The accompanying notes form part of these statements.

	Notes	2023 Actual $'000	2023 Adjusted budget* $'000	2023 Budget variance* $'000	2022 Actual $'000
Assets and liabilities administered on behalf of the whole of government					
Current assets					
Cash assets	36	(4,638,903)	1,314,044	(5,952,947)	(1,077,311)
Receivables	37	2,039,475	2,146,851	(107,376)	1,654,744
Other current assets		13,270	10,993	2,277	12,297
Total current assets		(2,586,158)	3,471,888	(6,058,046)	589,730
Non-current assets					
Receivables	37	24,515	19,862	4,653	22,742
Other financial assets	38	8,336,101	8,781,418	(445,317)	7,718,020
Total non-current assets		8,360,616	8,801,280	(440,664)	7,740,762
Total administered assets		5,774,458	12,273,168	(6,498,710)	8,330,492
Current liabilities					
Payables		251,437	5,192	246,245	146,223
Transfer to government payable **		4,730,464	3,509,789	1,220,675	3,356,035
Interest bearing liabilities	39	1,675,504	1,566,921	108,583	1,060,920
Other liabilities		62,227	71,294	(9,067)	120,014
Total current liabilities		6,719,632	5,153,196	1,566,436	4,683,192
Non-current liabilities					
Interest bearing liabilities	39	45,731,841	58,252,935	(12,521,094)	48,527,396
Total non-current liabilities		45,731,841	58,252,935	(12,521,094)	48,527,396
Total administered liabilities		52,451,473	63,406,131	(10,954,658)	53,210,588
Administered net assets		(46,677,015)	(51,132,963)	4,455,948	(44,880,096)

*An explanation on the use of adjusted budget amounts and major variances is included in note 42.
The accompanying notes form part of these statements.

****Accounting policy – Transfers to Government Payable**

In accordance with the *Financial Accountability Act 2009*, all administered revenue apart from the earnings from Special Purpose Accounts, is to be transferred to the Treasurer's Consolidated Fund operating account during the year. Revenue earned but not yet transferred to the Consolidated Fund operating account are recorded as a payable at year end. Administered revenue received is transferred to the Consolidated Fund during the year and can be found in the Statement of Comprehensive Income. The accounts are prepared on an accrual basis of accounting as outlined in note 1(b).

	Notes	2023 Actual $'000	2022 Actual $'000
Cash flows administered on behalf of the whole of government			
Cash flows from operating activities			
Inflows			
Administered item receipts		7,038,593	6,878,361
Grants and other contributions		26,525,746	22,954,608
Taxes		16,781,624	17,407,477
Royalties		18,147,506	8,852,921
Interest		663,184	509,060
GST input tax credits from ATO		20,068	6,566
GST collected from customers		25,709	23,413
Other		918,577	645,255
Outflows			
Transfers to government		(61,284,526)	(49,587,258)
Grants and subsidies		(333,329)	(417,646)
Finance/borrowing costs		(1,310,449)	(1,220,889)
Supplies and services		(165,780)	(131,075)
GST remitted to ATO		(25,709)	(23,415)
GST paid to suppliers		(23,132)	(6,731)
Other		(5,382,691)	(4,764,055)
Net cash provided by operating activities		1,595,391	1,126,592
Cash flows from investing activities			
Inflows			
Loans and advances received		20,048	18,599
Outflows			
Payments for investment in Debt Retirement Fund		(534,553)	(501,928)
Loans and advances made		(8,246)	(1,324)
Net cash provided by/(used in) investing activities		(522,751)	(484,653)
Cash flows from financing activities			
Inflows			
Advances received from GOCs		3,449,843	2,331,696
Borrowings		2,591	3,030,381
Transfer from redraw		2,415,000	..
Equity injections		500,000	..
Outflows			
Borrowing redemptions		(13,408)	(12,795)
Transfer to redraw		(5,215,000)	(155,000)
Advance redemptions to GOCs		(2,858,258)	(2,424,959)
Equity withdrawals		(2,915,000)	(3,028,990)
Net cash provided by/(used in) financing activities		(4,634,232)	(259,667)
Net increase/(decrease) in cash and cash equivalents		(3,561,592)	382,272
Administered cash and cash equivalents at beginning of financial year		(1,077,311)	(1,459,583)
Administered cash and cash equivalents at end of financial year	36	(4,638,903)	(1,077,311)

Administered Reconciliation of Operating Result to Net Cash provided by Operating Activities
for the year ended 30 June 2023

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Operating result	618,081	(24,199)
(Gain)/Loss on fair value movements of investments	(83,528)	526,127
Non-cash finance cost adjustments	1,010	(516)
Interest expense on QTC loans	37,456	3,475
Change in assets and liabilities:		
(Increase)/decrease in receivables	(398,511)	1,316,187
(Increase)/decrease in other current assets	(973)	(1,297)
Increase/(decrease) in payables	105,214	141,782
Increase/(decrease) in transfers to government payable	1,374,429	(883,023)
Increase/(decrease) in other liabilities	(57,787)	48,056
Net cash provided by operating activities	1,595,391	1,126,592

Administered Reconciliation of Changes in Liabilities Arising from Financing Activities for the year ended 30 June 2023

	Notes	Opening balance 2022 $'000	Interest and admin fees $'000	Cash flows: Cash received $'000	Cash flows: Cash repayments $'000	Closing balance 2023 $'000
Assets and liabilities administered on behalf of the whole of government						
Current liabilities						
Interest bearing liabilities	39	1,060,920	36,407	3,449,843	(2,871,666)	1,675,504
Non-current liabilities						
Interest bearing liabilities	39	48,527,396	1,854	2,417,591	(5,215,000)	45,731,841
Total administered liabilities		49,588,316	38,261	5,867,434	(8,086,666)	47,407,345

Administered Reconciliation of Changes in Liabilities Arising from Financing Activities for the year ended 30 June 2022

	Notes	Opening balance 2021 $'000	Interest and admin fees $'000	Cash flows: Cash received $'000	Cash flows: Cash repayments $'000	Closing balance 2022 $'000
Assets and liabilities administered on behalf of the whole of government						
Current liabilities						
Interest bearing liabilities	39	1,148,959	18,019	2,331,696	(2,437,754)	1,060,920
Non-current liabilities						
Interest bearing liabilities	39	45,665,208	(13,193)	3,030,381	(155,000)	48,527,396
Total administered liabilities		46,814,167	4,826	5,362,077	(2,592,754)	49,588,316

Queensland Treasury
Administered Statement of Comprehensive Income by Major Departmental Services
for the year ended 30 June 2023

	Economics and Fiscal		Revenue Management		Other *		Inter-service/activity eliminations		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Income and expenses administered on behalf of the whole of government										
Income from operations										
Grants and other contributions	26,179,671	22,418,057	..	..	..	..	..	..	26,179,671	22,418,057
Taxes	..	..	17,237,709	16,742,052	..	..	(215,972)	(102,999)	17,021,737	16,639,053
Royalties	..	..	18,171,625	8,876,649	..	..	..	..	18,171,625	8,876,649
Appropriation revenue	169,928	137,136	347,275	499,773	6,956,963	6,007,705	..	..	7,474,166	6,644,614
Fees and other revenue	353,958	336,986	707,960	436,354	9,339	15,800	..	..	1,071,257	789,140
Interest revenue	537,121	503,768	32,395	202	122,987	9,912	(14,826)	(2,874)	677,677	511,008
Total revenue	27,240,678	23,395,947	36,496,964	26,555,030	7,089,289	6,033,417	(230,798)	(105,873)	70,596,133	55,878,521
Gain on fair value movement of other financial assets	83,528	..	..	..	..	..		..	83,528	..
Total income from operations	27,324,206	23,395,947	36,496,964	26,555,030	7,089,289	6,033,417	(230,798)	(105,873)	70,679,661	55,878,521
Expenses from operations										
Finance/borrowing costs	..	..	21	2	1,368,744	1,229,183	(14,825)	(2,874)	1,353,940	1,226,311
Losses on assets	..	526,127	139,087	158,913	..	..	..	..	139,087	685,040
Grants and subsidies	4,000	4,000	117,183	388,341	235,610	25,304	..	..	356,793	417,645
Supplies and services	134,791	120,807	12,464	6,818	23,539	450	..	..	170,794	128,075
Other expenses	31,137	12,330	217,607	104,612	5,349,240	4,748,782	(215,973)	(102,999)	5,382,011	4,762,725
Total expenses from operations	169,928	663,264	486,362	658,686	6,977,133	6,003,719	(230,798)	(105,873)	7,402,625	7,219,796
Operating result before transfers to government	27,154,278	22,732,683	36,010,602	25,896,344	112,156	29,698	..	..	63,277,036	48,658,725
Transfers of administered revenue to government	26,536,197	22,756,882	36,010,602	25,896,344	112,156	29,698	..	..	62,658,955	48,682,924
Total administered comprehensive income	618,081	(24,199)	..	..	..	..	..	..	618,081	(24,199)

* Includes superannuation, whole-of-government offset account, central schemes (insurance, annual leave and long service leave), and other administered items.

Queensland Treasury
Administered Statement of Assets and Liabilities by Major Departmental Services
as at 30 June 2023

	Economics and Fiscal		Revenue Management		Other **		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Assets and liabilities administered on behalf of the whole of government *								
Current assets								
Cash assets	2,377,727	1,055,488	577,924	623,598	(7,594,554)	(2,756,397)	(4,638,903)	(1,077,311)
Receivables	120,001	211,871	1,832,530	1,418,208	86,944	24,665	2,039,475	1,654,744
Other current assets	108	133	..	..	13,162	12,164	13,270	12,297
Total current assets	2,497,836	1,267,492	2,410,454	2,041,806	(7,494,448)	(2,719,568)	(2,586,158)	589,730
Non-current assets								
Receivables	..	..	..	..	24,515	22,742	24,515	22,742
Other financial assets	8,336,101	7,718,020	..	..	..	..	8,336,101	7,718,020
Total non-current assets	8,336,101	7,718,020	..	..	24,515	22,742	8,360,616	7,740,762
Total administered assets	10,833,937	8,985,512	2,410,454	2,041,806	(7,469,933)	(2,696,826)	5,774,458	8,330,492
Current liabilities								
Payables	217,983	3,657	7,525	(92,136)	25,929	234,702	251,437	146,223
Transfer to government payable	2,388,850	1,372,831	2,340,257	2,013,453	1,357	(30,249)	4,730,464	3,356,035
Interest bearing liabilities	..	..	..	..	1,675,504	1,060,920	1,675,504	1,060,920
Other liabilities	..	..	62,227	120,044	..	(30)	62,227	120,014
Total current liabilities	2,606,833	1,376,488	2,410,009	2,041,361	1,702,790	1,265,343	6,719,632	4,683,192
Non-current liabilities								
Interest bearing liabilities	..	..	..	..	45,731,841	48,527,396	45,731,841	48,527,396
Total non-current liabilities	..	..	..	..	45,731,841	48,527,396	45,731,841	48,527,396
Total administered liabilities	2,606,833	1,376,488	2,410,009	2,041,361	47,434,631	49,792,739	52,451,473	53,210,588
Administered net assets	8,227,104	7,609,024	445	445	(54,904,564)	(52,489,565)	(46,677,015)	(44,880,096)

* The department has systems in place to allocate assets and liabilities by major departmental services.
** Includes superannuation, whole-of-government offset account and central schemes (insurance, annual leave and long service leave), and other administered items.

26 Grants and other contributions

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
GST revenue grant	18,306,016	16,078,978
National Partnership Payments – capital project	3,959,672	2,401,835
National Partnership Payments – recurrent project	667,376	684,729
Specific purpose – recurrent		
- Schools	2,234,157	2,090,758
- Disability services	218,903	211,501
- Skills and workforce development	331,031	321,385
- Affordable housing	344,012	334,702
Specific purpose – capital	118,504	294,169
	26,179,671	22,418,057

Accounting policy – Grants and other contributions

Grants are recognised based on the applicable revenue standard. Grants that do not meet the enforceable and sufficiently specific performance obligations under AASB 15 *Revenue from Contracts with Customers* will be recognised under AASB 1058 *Income of Not-for-Profit Entities*. Grants recognised under AASB 1058 are recognised upfront or when the corresponding asset (e.g. cash or receivable) has been recognised and received. Where the grant agreement is enforceable and does contain sufficiently specific performance obligations that will result in Treasury providing goods or services to other parties, it is recognised under AASB 15 and may qualify for deferral depending on when the specific performance obligations have been satisfied.

Commonwealth grants revenue is recognised under AASB 1058, including the grant funding received and the impact of end of year GST revenue adjustments to reflect the change in the State’s share in the GST pool. Commonwealth grants revenue received is remitted to the Consolidated Fund.

27 Taxes

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Taxes		
Duties	7,478,082	8,304,327
Payroll tax	5,708,587	5,047,435
Land tax	1,738,808	1,640,776
Gaming machine tax	996,731	851,058
Lottery tax	375,120	381,414
Betting tax	229,040	160,274
Casino tax	126,833	112,048
Keno tax	26,858	23,087
Other taxes	1,463	1,337
	16,681,522	16,521,756
Levies		
Health services levy	156,763	117,297
Mental Health Levy	183,452	..
	340,215	117,297
	17,021,737	16,639,053

Accounting policy – Taxes

The main revenue streams and the governing Acts which underpin them include:

- *Duties Act 2001*
- *Payroll Tax Act 1971*
- *Land Tax Act 2010*
- *Taxation Administration Act 2001*
- *Local Government Act 2009 (National Tax Equivalents Regime)*
- *Betting Tax Act 2018*
- *Gaming Machine Act 1991, Casino Control Act 1982, Keno Act 1996, Lotteries Act 1997, and Wagering Act 1998 (administered by The Office of Liquor and Gaming Regulation).*

Revenue is recognised under AASB 1058 *Income of Not-for-Profit Entities* when one or more of the following taxable events occur:

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably
- the assessment is raised by the self-assessor (a person who lodges transactions online), predominantly for payroll tax and duties. Additional revenue is recognised upon amended assessment
- the assessment is issued because of Commissioner-assessed transactions or following compliance activities such as reviews and audits, predominantly for land and gaming taxes
- tax penalty and interest revenue are recognised when raised, when an assessment becomes overdue or further enforcement activity commences.

When payment is received before an assessment is raised, this is recognised as unearned revenue (reported as Other liabilities in the Statement of Financial Position) and recognised as revenue when the assessment is raised.

Mental health levy is collected with payroll tax which became effective 1 January 2023.

28 Royalties

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Royalties	18,171,625	8,876,649
	18,171,625	8,876,649

Accounting policy – Royalties

The governing Acts which underpin royalties include:

- *Mineral Resources Act 1989, Petroleum and Gas (Production and Safety Act) 2004*
- *Taxation Administration Act 2001.*

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

- the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably. The underlying transaction or event is usually when
  - the mineral is sold, disposed of or used in a return period
  - petroleum is disposed of or the return in which the petroleum is produced
- the assessment is raised by the self-assessor (a person who lodges transactions online). Additional revenue is recognised upon amended assessment
- the assessment is issued because of Commissioner-assessed transactions or following compliance activities such as reviews and audits
- tax penalty and interest revenue are recognised when raised, when an assessment becomes overdue or further enforcement activity commences.

When payment is received before an assessment is raised, this is recognised as unearned revenue (reported as Other liabilities in the Statement of Financial Position) and recognised as revenue when the assessment is raised.

29 Appropriation revenue

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Budgeted administered item appropriation and equity	7,107,300	6,370,998
Transfer (to)/from other departments	..	26,724
Transfer (to)/from other headings	237,191	..
Unforeseen expenditure	194,102	480,639
Total administered item receipts including equity	7,538,593	6,878,361
Less opening balance of administered appropriation revenue receivable	..	(89,127)
Plus closing balance of administered appropriation revenue receivable	291,167	..
Less administered appropriation receivable – MoG transfer in	..	(214)
Plus opening balance of administered deferred appropriation payable to the Consolidated Fund	144,406	
Less closing balance of administered deferred appropriation payable to the Consolidated Fund	..	(144,406)
Net appropriation revenue	7,974,166	6,644,614
Total administered appropriation revenue recognised in the Statement of Comprehensive Income including equity	7,974,166	6,644,614
This is represented by :		
Administered item revenue recognised in the Statement of Comprehensive Income	7,474,166	6,644,614
Appropriated equity injection	500,000	..
Total administered appropriation revenue recognised in the Statement of Comprehensive Income including equity	7,974,166	6,644,614

30 Fees and other revenue

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Fines and penalty debt revenue	650,790	393,915
Competitive neutrality fees	349,828	332,605
Regulatory fees	53,063	38,990
Miscellaneous receipts	17,576	23,630
	1,071,257	789,140

30 Fees and other revenue (continued)

Accounting policy – Fees and Other revenue

The State Penalties Enforcement Act 1999 largely covers administrative arrangements for the enforcement and recovery of court ordered fines, related levies and unpaid infringement notices. The *State Penalties Enforcement (Modernisation) Amendment Act 2022* implements an integrated approach to managing fines for particular offences with functions centralised to the Queensland Revenue Office. The Act also provides a framework for earlier registration of unpaid infringement notices by the State Penalties Enforcement Registry within the Queensland Revenue Office.

Fines and penalty debt revenue are recognised when the underlying transaction or event which gives rise to the right to collect the revenue occurs and can be measured reliably under AASB 1058 *Income of Not-for-Profit Entities*. This is recognised when the unpaid penalty, fine or levy (such as court, traffic offences and tolling fines) has been transferred and registered with the State Penalties Enforcement Registry or when the right to collect the fines occur such as the issuance of infringement notice.

Regulatory fees include lodgement fees for fines and penalty debt recognised upon registration of the default certificate where the amount unpaid is increased by the amount of the registration fee. Additional income from enforcement fees on overdue fines is recognised when they are subject to further enforcement action.

Competitive neutrality fees are a requirement for government business activities to pay taxes (or tax equivalents) to remove benefits (and costs) as a result of their public ownership which accrue to government business activities when competing with the private sector. This fee also includes QIC Limited investment management fees payable by QTC and statutory bodies that have significant funds under management with QIC Limited.

	2023 $'000	2022 $'000

31 Interest revenue

Administered on behalf of the whole of government		
Interest – Debt Retirement Fund	534,553	501,928
Interest – investments and loans	106,298	4,951
Interest – others	36,826	4,129
	677,677	511,008

32 Finance/borrowing costs

Administered on behalf of the whole of government		
Interest on loans – QTC	1,253,306	1,179,730
Administration fees	34,773	33,690
Interest – other	65,861	12,891
	1,353,940	1,226,311

32 Finance/borrowing costs (continued)

Accounting policy – Finance/borrowing costs

Finance/borrowing costs are recognised in the period in which they are incurred. These costs are incurred on the Treasury Offset Account (refer to note 36 for whole of government Treasury Offset Account arrangements) and whole of government borrowings, GOCs advances and Commonwealth borrowings (note 39). These also includes recognition of initial discount and amortisation of discounts or premiums relating to loans and borrowings.

33 Losses on assets

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Loss on fair value movement on other financial assets*	..	526,127
Bad debts written off**	123,565	116,896
Impairment loss/(reversals) – fines and penalty debt	(19,165)	32,698
Impairment loss – taxation	34,687	9,319
	139,087	685,040

*Refer to note 38 Other financial assets. A net gain on fair value movement on other financial assets is recognised for 2022–23.
**SPER Debt Write Off Guideline enables the SPER Registrar to write off bad debts in all circumstances in which it is unlikely the debts could be recovered cost effectively. Bad debts written off for fines and penalty amounts to $90.914 million for 2022–23 (2022:$91.429 million).
The total bad debts written-off includes bad debts written off directly, not through provision for impairment for 2022–23 amounts to $4.541 million (2022:$3.291 million) (note 37).

34 Grants and subsidies

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Grants to Queensland Government entities*	239,609	29,304
First Home Owners Grants (FHOG)**	73,119	142,978
Commonwealth HomeBuilder Grants	39,255	238,255
Others	4,810	7,108
	356,793	417,645

*2022-23 includes payments as part of the Energy Price Relief Plan agreed by National Cabinet in December 2022 and to be funded in partnership with the Australian Government.
**This includes payments for the Regional Home Building Boost Grant.

35 Other expenses

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Superannuation benefit payments	1,994,523	1,926,878
Annual leave central scheme reimbursements	2,461,690	2,103,001
Long service leave central scheme reimbursements	629,867	501,919
Queensland Government Insurance Fund claims	223,712	179,753
Reinsurance expense	38,488	35,185
Ex-gratia payments*	23,452	13,685
Sundry	10,279	2,304
	5,382,011	4,762,725

*A portion of dividends and tax equivalent payments received by the State under the National Tax Equivalents Regime are paid to local governments via ex gratia payments from Treasury administered.

Accounting policy – Other expenses

Annual Leave Central Scheme and Long Service Leave Central Scheme reimbursements

Annual leave and long service leave claims paid represent quarterly reimbursements to agencies from the Annual Leave and Long Service Leave Central Schemes administered by the Australian Retirement Trust. These are recognised as expenses in the period when they are reimbursed. The scheme is funded by annual leave and long service leave levies paid by agencies and reimbursements are sought from the scheme for actual leave payments made to employees and associated on-costs, quarterly in arrears (note 7).

Superannuation benefit payments

Superannuation benefit payments are recognised in the period when they are paid to Australian Retirement Trust. These represent proportional funding for superannuation defined benefit payments for retirement benefit liabilities held by the State for the State Public Sector Superannuation Scheme, pensions provided in accordance with the *Judges' (Pensions and Long Leave) Act 1957* (Judges' Scheme) and the Energy Super Fund.

36 Cash assets

Administered on behalf of the whole of government

	2023 $'000	2022 $'000
Whole of government Treasury Offset Arrangement*	(7,894,709)	(3,088,605)
Other administered bank accounts	3,005,806	2,011,294
QTC Cash Fund	250,000	..
	(4,638,903)	(1,077,311)

*The whole of government Treasury Offset Arrangement incorporates the Treasury offset bank account which is an overdraft facility as required under section 49(1) of the *Financial Accountability Act 2009* and a QTC Working Capital Facility. This overdraft facility is part of an offset arrangement with other departmental bank accounts and is considered in determining the interest earned on the whole of government position. Cash at bank is an aggregate of Treasury administered bank accounts including the Treasury offset bank account.

In addition, Treasury has established another offset arrangement with the Commonwealth Bank of Australia to maximise interest earned on surplus cash balances held by departmental bank accounts that do not fall within the whole of government offset arrangement.

The QTC GOC advances fund is utilised to transfer GOCs surplus funds to the Treasury offset arrangement (note 39).

The QTC Working Capital Facility is used for short-term borrowings. The fair value of the borrowings in the QTC Working Capital Facility at 30 June 2023 is represented by its book value (as notified by QTC). Interest is calculated daily based on the Reserve Bank's official cash rate. Interest is charged at rates between 2.85% and 0.85% (2022: between 0.85% and 0.07%) along with an administration margin of 0.05% (2022: 0.05%).

The QTC Cash Fund is utilised for short-term investments but readily convertible to cash at Treasury's option when need arises. Interest is charged at rates between 4.26% and 3.14% along with an administration margin of 0.15%.

37 Receivables

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Current		
Debtors*	2,058,229	1,823,027
Less: allowance for impairment*	(420,097)	(404,576)
	1,638,132	1,418,451
Appropriation revenue receivable	291,167	..
Grants receivable**	..	128,093
Competitive neutrality fees	87,566	83,278
Other advances	6,266	20,047
Sundry receivable	16,344	4,875
	401,343	236,293
	2,039,475	1,654,744
Non-current		
Other advances	24,515	22,742
	24,515	22,742
	2,063,990	1,677,486

* The debtors balance includes receivables of $1.145 billion (2022:$1.117 billion) for fines and penalty debt. As at 30 June 2023, a loss allowance of $309.633 million is recognised for the penalty and fines receivable (2022:$328.798 million) representing 27% of the total receivables (2022:29%).
The receivables other than debtors do not have any loss allowance as they are inter-agency receivables between Treasury, other departments, GOCs and Commonwealth.
** Grants receivable includes the adjustment to recognise an upward revision to the estimate of the total GST collected by the Commonwealth in 2021-22. A grants payable is recognised for 2022-23.

Movements in allowance for impairment of receivables	2023 $'000	2022 $'000
Opening balance	404,576	362,559
Amounts written off during the year	(120,097)	(113,605)
Increase/(decrease) recognised in Statement of Comprehensive Income **	135,618	155,622
Balance at 30 June	420,097	404,576

** Does not include amounts written off directly to bad debts expense, $4.541 million (2022:$3.291 million), (refer note 33).

37 Receivables (continued)

Accounting policy - Receivables

Administered debtors for taxes, royalties, fines and penalty debt are recognised in line with revenue criteria, explained in notes 27–28 and note 30.

Other advances relating to the Disaster Recovery Funding Arrangements (DRFA) loans are recognised when the State provides upfront funding to the Queensland Rural and Industry Development Authority (QRIDA) for disaster recovery relief. At an undetermined time in the future the Commonwealth will provide a sum of funding, classified as a concessional loan to the State. When this occurs a corresponding Commonwealth borrowing is recognised (refer note 39). Principal repayments on advances made to QRIDA become payable within 2 years and interest repayments payable within 1 year after the Commonwealth contribution is received.

Allowance for impairment

The allowance for impairment reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information, including forecast economic changes expected to impact Treasury's debtors, along with relevant industry and statistical data where applicable.

A number of debt collection measures are undertaken including the exercising of legislative powers contained within the *Taxation Administration Act 2001*, *State Penalties Enforcement Act 1999 and the State Penalties Enforcement (Modernisation) Amendment Act 2022*, prior to impairing debt.

If no expected loss events have arisen in respect of a particular debtor or group of debtors, no allowance for impairment is made in respect of that debt/group of debtors. If Treasury determines that an amount owing by such a debtor does become uncollectable, the amount is impaired, then subsequently recognised as a bad debt expense and written off directly against receivables. In other cases where a debt becomes uncollectable, but the uncollectable amount exceeds the amount already allowed for impairment of that debt, the excess is recognised as a bad debt expense and written off directly against receivables.

There is no impairment loss allowance recognised for Treasury's receivables from Queensland Government agencies or Australian Government agencies as credit risk for these receivables is considered low.

Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets.

Treasury manages credit risk using a credit management strategy. This strategy focuses on the prompt collection of revenues due and payable to Treasury and follow up of outstanding fees and charges within specified timeframes. Exposure to credit risk is monitored on an ongoing basis.

For administered taxes, royalties, fines and penalty debt receivables, risk assessments are performed upon non-payment of debt and maintained in the Queensland Revenue Office risk register with assigned risk ratings. Under this risk-based revenue management framework compliance plans are developed with reference to the debt management strategies.

Expected credit losses for taxes and royalties' receivables is calculated based on debt type using an expected credit loss percentage by age or individually assessed. For those debts where an expected credit loss percentage is used to calculate impairment, the historical credit loss experienced over a four-year period is adjusted by current conditions and forward-looking information on macro-economic factors affecting collectability of debts. The customer groups within the Queensland Revenue Office were determined by debt type and whether it consisted of high or low volume transactions. The provision matrix methodology was applied for high volume transactions and the low volume transactions were individually assessed. Treasury has identified employment growth, housing upturn/downturn, interest rates movement and population growth to be the relevant economic factors affecting taxes. The expected credit loss percentage is the average rate across the debts. Individually assessed debts are reviewed and a percentage loss is applied to each based on collectability.

Credit risk exposure on administered receivables including taxes, royalties, fines and penalty debt receivables are set out below. The total gross receivables exclude receivables of $489 million (2022: $385 million) that do not have any loss allowance.

37 Receivables (continued)

Taxation debtors – assessed collectively using a provision matrix	**2023**			**2022**		
Administered on behalf of the whole of government	**Gross receivable**	**Loss rate**	**Expected credit losses**	**Gross receivable**	**Loss rate**	**Expected credit losses**
	$'000	**%**	**$'000**	**$'000**	**%**	**$'000**
Not yet due	86,679	0.5	466	99,231	0.3	283
Less than 30 days	21,464	5.3	1,136	19,404	5.6	1,093
30 to 60 days	22,427	19.4	4,347	17,566	21.2	3,728
61 to 90 days	8,463	26.6	2,247	23,663	27.6	6,531
Greater than 90 days	275,195	33.9	93,412	151,132	36.0	54,340
Total	414,228		101,608	310,996		65,975

Taxation and royalties debtors – assessed individually	**2023**			**2022**		
Administered on behalf of the whole of government	**Gross receivables**	**Allowance for impairment**	**Carrying amount**	**Gross receivables**	**Allowance for impairment**	**Carryin amoun**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Not yet due			..	17	(17)	
Less than 30 days	49	(49)	..	..	..	
30 to 60 days	71	(71)	..	46	(46)	
61 to 90 days	479	(479)	..	154	(154)	
Greater than 90 days	8,257	(8,257)	..	9,587	(9,587)	
Total	8,856	(8,856)	..	9,804	(9,804)	

Fines and penalty debt receivables are impaired on consideration of the best estimate of expected future credit losses and the likelihood of collectability with reference to historical activity for the specific debt types being assessed. Historical activity of the specific debt is determined based on a debt finalisation rate. Debt finalisation rate is the average rate of debt resolved through payment, non-monetary satisfaction, recalled or withdrawn by issuing agencies. Management judgement is required in assessing the debt finalisation rates.

Fines and penalty debt debtors – assessed collectively using a provision matrix	**2023**			**2022**		
Administered on behalf of the whole of government	**Gross receivable**	**Loss rate**	**Expected credit losses**	**Gross receivable**	**Loss rate**	**Expected credit losses**
	$'000	**%**	**$'000**	**$'000**	**%**	**$'000**
Less than 35 days	64,377	9.6	6,169	35,631	8.8	3,137
Greater than 35 days*	1,081,389	28.1	303,464	1,081,747	30.1	325,661
Total	1,145,766		309,633	1,117,378		328,798

* Fines and penalty debt receivables are over 35 days when they are referred to the debt registry (SPER) from the referring agencies.

38 Other financial assets

	2023 $'000	2022 $'000
Administered on behalf of the whole of government		
Queensland Future Fund – Debt Retirement Fund (DRF) – FRN with QTC	8,336,101	7,718,020
Reconciliation of movements in the DRF		
Opening balance	7,718,020	7,742,219
Add: Contributions – new investments	..	..
Less: Investment drawdown	..	..
Add: Interest Income reinvested	534,553	501,928
Add: Gain/(loss) on fair value movement of the fixed rate note	83,528	(526,127)
Closing balance	8,336,101	7,718,020

Accounting policy – Other financial assets

Other Financial Assets represent the Queensland Future Fund – Debt Retirement Fund (DRF) Fixed Rate Note (FRN) with QTC. The Debt Retirement Fund was established under section 9 of the *Queensland Future Fund Act 2020 (the QFF Act)* as a sub-fund of the Queensland Future Fund for the purpose of providing funding for reducing the State's debt. Funds invested in the DRF are held for future growth to be used to offset state debt to support Queensland's credit rating.

Contributions to the DRF include investments directed by the Treasurer to be contributed to the fund under section 10 of the *QFF Act* and any amounts that must be contributed to the fund under another Act. In accordance with the *QFF Act*, payments from the DRF may only be made to reduce the State's debt or pay fees or expenses relating to the administration of the fund. No payments from the DRF were made for debt repayment within the financial year.

In 2020–21, Treasury entered into a DRF FRN agreement with QTC. Under the agreement, assets may be contributed by the State to meet the purpose of the DRF from time to time. The DRF transfers any contributed assets received to QTC and in consideration, QTC increases the value of the DRF FRN to Treasury. QTC invests the contributed assets in the DRF portfolio. No additional contributions were made into the DRF within the 2022–23 financial year.

The FRN is recognised at FVTPL under AASB 9 *Financial Instruments*. Under the terms of the DRF FRN agreement, interest is calculated on a daily basis on the book value of the DRF FRN with interest capitalised monthly. The interest rate on the DRF FRN is an effective rate of 6.5% per annum. The DRF FRN is valued at the fair value of the DRF asset portfolio. The fair value methodology applied to the FRN is classified as Level 3 in the fair value hierarchy as it is based on the fair value of the corresponding assets in the DRF portfolio, which utilises significant unobservable inputs.

The fair value of the FRN is payable by QTC to Treasury on the termination date and upon payment, the DRF FRN will be cancelled. Treasury may from time to time request a payment of some part of the DRF FRN. In this event, QTC will dispose part of its interest in the DRF portfolio to fund the repayment.

QTC DRF Portfolio

The DRF FRN is supported by the DRF portfolio invested in unit trust arrangements managed by QIC Limited and held on QTC's balance sheet. The DRF portfolio is overseen by the State Investment Advisory Board (SIAB), an advisory board appointed under the *Queensland Treasury Corporation Act 1988*.

QTC's SIAB determines the investment objectives, asset allocations, risk profiles and strategy for the DRF portfolio within the framework provided by Government. QIC Limited as the investment manager for the portfolio implements the investment objectives set by SIAB for the DRF portfolio.

38 Other financial assets (continued)

The actual asset allocations of the DRF portfolio invested in QIC Limited unit trusts are:

Administered on behalf of the whole of government	2023 $'000	2022 $'000
Defensive assets		
Cash	1,450,236	1,095,673
Fixed interest	234,785	511,381
Growth assets		
Equities	3,128,188	2,969,947
Diversified alternatives	692,495	532,557
Unlisted assets		
Infrastructure*	746,948	1,748,002
Private equities	382,843	403,795
Real estate*	1,700,606	456,665
	8,336,101	7,718,020

*The DRF portfolio includes a 22.26% (2021–22: 22.26%) in direct holding of Queensland Titles Registry Pty Ltd within the infrastructure and real estate asset allocation. The change in the infrastructure and real estate asset allocations during the year ended 30 June 2023 were a result of a reclassification, in part, of Queensland Titles Registry Pty Ltd, not a change in underlying asset allocation.

Investment performance

The DRF portfolio investment return objective is to achieve CPI plus 4.5% (before fees) over a rolling 10-year horizon. The return on the DRF portfolio, for the financial year was 8.02% (2022:-0.29%). Returns from the DRF are quarantined and reinvested in the DRF asset portfolio.

39 Interest bearing liabilities

Administered on behalf of the whole of government	2023 $'000	2022 $'000
Current		
Advances payable to GOCs*	1,670,971	1,047,513
Commonwealth borrowings	4,533	13,407
	1,675,504	1,060,920
Non-current		
QTC borrowings **	45,717,659	48,512,077
Commonwealth borrowings	14,646	16,589
Less concessional loan discount and unwind	(464)	(1,270)
	45,731,841	48,527,396

Accounting policy – Interest bearing liabilities

Borrowings are initially recognised at fair value, plus any transaction costs, then subsequently held at amortised cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments through the expected life of a financial instrument to the net carrying amount of that instrument. The fair value of borrowings subsequently measured at amortised costs is set out in note 41(e). Borrowings are split between current and non-current liabilities using the principles set out in note 1(e).

39 Interest bearing liabilities (continued)

*GOCs are required to make any surplus cash available to the General Government Sector through modified set-off banking arrangements. Advances are made to the Treasury Offset Bank Account arrangement (note 36). Interest charged on advances payable to GOCs are based on QTC interest rates between 4.73% and 1.87% (2022: between 0.92% and 0.15%) along with an administration margin of 0.15% (2022:0.15%).

**Interest is charged on whole of government borrowings with QTC at rates of between 3.87% and 1.68% (2022: between 2.74% and -0.03%) along with an administration margin at the rate of 0.07% (2022:0.07%) which is accrued and paid quarterly to QTC.

40 Contingencies

Litigation in progress

As at 30 June 2023, the following number of cases were filed in the courts:

Administered on behalf of whole of government	Cases	Estimated amount
		$'000
Supreme Court	13	97,125
Civil and Administrative Tribunal	49	2,972
Total	62	100,097

These cases relate to revenue collected by the Queensland Revenue Office. Treasury's legal advisers and management believe there is insufficient information available to determine the outcome of the abovementioned cases. Accordingly, no provision has been taken up in Treasury's financial statements.

Deed of Guarantee

On 31 July 2020, the Treasurer guaranteed the financial obligations of borrowers under the Industry Support Package loan facilities for the benefit of QTC up to maximum amount of $200 million under a Deed of Guarantee. As at 30 June 2023, Treasury made a payment to QTC amounting to $9.042 million.

41 Financial instruments

(a) Categorisation of financial instruments

Treasury has the following categories of financial assets and financial liabilities:

Administered on behalf of the whole of government			
		2023	**2022**
Category	**Notes**	**$'000**	**$'000**
Financial assets			
Cash assets	36	(4,638,903)	(1,077,311)
Receivables*	37	2,063,990	1,677,486
Other financial assets	38	8,336,101	7,718,020
Other current assets		108	133
Total		5,761,296	8,318,328
Financial liabilities			
Payables		251,437	146,223
Transfer to government payable		4,730,464	3,356,035
Advances payable to GOCs	39	1,670,971	1,047,513
QTC borrowings	39	45,717,659	48,512,077
Commonwealth borrowings held at amortised cost*	39	18,715	28,726
Other liabilities		395	76
Total		52,389,641	53,090,650

*DRFA loans are carried at amortised cost, $28.634 million (2022:$39.979 million) with the Commonwealth portion of $18.715 million (2022:$28.727 million) and State portion of $9.919 million (2022:$11.252 million). The book value of DRFA loans amount to $30.820 million (2022: $41.863 million) with the State portion of $11.640 million (2022:$11.866 million) and a Commonwealth portion of $19.180 million (2022:$29.997 million). Interest is charged on DRFA loans at a predetermined rate and recognised as an expense as it accrues. Repayments are received yearly in arrears. The Commonwealth Attorney-General’s Department – Emergency Management Australia determines the annual interest rate to be applied to the loans. In 2022–23 the interest rate was 1.69% (2022:0.80%), which was calculated as 50% of the ten–year Treasury bond rate, averaged over the three-month period between April and June 2022.

(b) Financial risk management

Treasury's activities expose it to a variety of financial risks – credit risk, liquidity risk and market risk.

Treasury adopts a risk-based revenue management framework in conjunction with debt management strategies to manage credit risk. For more information on managing credit risk refer to note 37.

The management of financial risks is integral to Treasury's overall governance framework. Treasury has adopted various strategies for the mitigation of each risk category, including active monitoring by the Budget Strategy and Financial Reporting group of borrowings by the State on behalf of whole of government. It is assisted in the discharge of these responsibilities through the provision of professional advice and assistance by QTC for borrowings and short-term investments.

Treasury's internal financial reporting framework and oversight by the Executive Leadership Team also contribute to the effective management of financial risks.

(c) Liquidity risk

Treasury is exposed to liquidity risk in respect of its payables, Commonwealth borrowings, borrowings from QTC and Advances payable to GOCs.

The following table sets out the liquidity risk of financial liabilities held by Treasury. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date. The undiscounted cash flows in these tables differ from the amounts included in the Statement of Financial Position that are based on amortised cost.

QTC borrowings are interest only with no fixed repayment date for the principal component. For the purposes of completing the maturity analysis, the principal component of these loans has been included in the more than five-year time band with no interest payment assumed in this time band.

Administered on behalf of the whole of government

		2023 payable in			Total undiscounted cash flow	Carrying amount
	Notes	< 1 year $'000	1 - 5 years $'000	> 5 years $'000	$'000	$'000
Financial liabilities						
Payables		251,437	..	..	251,437	251,437
Transfer to government payable		4,730,464	..	..	4,730,464	4,730,464
Commonwealth borrowings*	39	4,857	16,743	3,497	25,097	19,179
Advances payable to GOCs	39	1,670,971	..	..	1,670,971	1,670,971
QTC borrowings	39	1,310,426	5,226,576	45,682,267	52,219,269	45,717,659
Other liabilities		395	..	..	395	395
Total		7,968,550	5,243,319	45,685,764	58,897,633	52,390,105

*Carrying amount excludes amortised cost component of Commonwealth borrowings.

41 Financial instruments (continued)

(c) Liquidity risk (continued)

Administered on behalf of the whole of government

	Notes	2022 payable in < 1 year $'000	1 - 5 years $'000	> 5 years $'000	Total undiscounted cash flow $'000	Carrying amount $'000
Financial liabilities						
Payables		146,223	..	..	146,223	146,223
Transfer to government payable		3,356,035	..	..	3,356,035	3,356,035
Commonwealth borrowings*	39	13,633	14,859	2,117	30,609	29,996
Advances payable to GOCs	39	1,047,513	..	..	1,047,513	1,047,513
QTC borrowings	39	1,227,939	4,911,536	48,482,266	54,621,741	48,512,077
Other liabilities		76	..	..	76	76
Total		5,791,419	4,926,395	48,484,383	59,202,197	53,091,920

*Carrying amount excludes amortised cost component of Commonwealth borrowings.

(d) Market risk

While Treasury administered does not trade in foreign currency, the mining industry is impacted by changes in the Australian dollar exchange rate and commodity prices, which may impact the royalty revenue received. Treasury is exposed to interest rate risk through its investments in the DRF and its borrowings, loans and advances and cash deposited in interest bearing accounts.

Interest rate sensitivity analysis

Sensitivity to interest rate movements is shown for variable financial assets and liabilities based on the carrying amount at reporting date. The following interest rate sensitivity analysis depicts the outcome on administered net operating result and on the appropriation revenue/transfers to government expense if interest rates were to change by +/- 1.00% for 2023 (2022: +/- 1.00%) to reflect current expectations of future interest rate movement in the next 12 months from the year end rates applicable to Treasury's financial assets and liabilities.

Administered on behalf of the whole of government

		2023 Interest rate risk			
		-1.00%		1.00%	
Financial instruments	**Carrying amount**	**Net operating result****	**Appropriation revenue/Transfers to Gov't expense****	**Net operating result****	**Appropriation revenue/Transfers to Gov't expense****
	$'000	$'000	$'000	$'000	$'000
Cash	(7,644,709)	76,447	(76,447)	(76,447)	76,447
Receivables					
Loans and advances	19,180	(192)	192	192	(192)
Interest bearing liabilities					
Commonwealth borrowings	19,180	192	(192)	(192)	192
Advances payable to GOCs	1,670,971	16,710	(16,710)	(16,710)	16,710
QTC borrowings – General Debt Pool (floating rate)*	42,619,009	24,588	(24,588)	(21,174)	21,174
QTC borrowings – Variable Rate Loan	3,098,651	30,987	(30,987)	(30,987)	30,987
Potential impact		148,732	(148,732)	(145,318)	145,318

41 Financial instruments (continued)

(d) Market risk (continued)

Administered on behalf of the whole of government

Financial instruments	Carrying amount	2022 Interest rate risk -1.00% Net operating result**	-1.00% Appropriation revenue/ Transfers to Gov't expense**	1.00% Net operating result**	1.00% Appropriation revenue/ Transfers to Gov't expense**
	$'000	$'000	$'000	$'000	$'000
Cash	(3,088,605)	30,886	(30,886)	(30,886)	30,886
Receivables					
Loans and advances	29,996	(300)	300	300	(300)
Interest bearing liabilities					
Commonwealth borrowings	29,996	300	(300)	(300)	300
Advances payable to GOCs	1,047,513	10,475	(10,475)	(10,475)	10,475
QTC borrowings – General Debt Pool (floating rate)*	45,415,599	25,602	(25,602)	(21,511)	21,511
QTC borrowings – Variable Rate Loan	3,096,478	30,965	(30,965)	(30,965)	30,965
Potential impact		97,928	(97,928)	(93,837)	93,837

*QTC borrowings - General debt pool is based on QTC sensitivity analysis and not based on the +/-1.00% (2022:+/-1.00%) change in interest rates.
**This reflects the impact of interest rate movements to net operating result excluding appropriation revenue and transfers to government expense. Changes in administered expenses will impact on appropriation revenue which funds administered expenses and changes in administered revenue will impact on remittance to the Consolidated Fund through the transfers to government expense account.

(e) Fair value

Fair value hierarchy

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

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities.
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within Level 1) that are observable, either directly or indirectly.
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

According to the above hierarchy, the fair values of each class of financial instrument carried at fair value are as follows:

Class		Classification according to fair value hierarchy Level 1	Level 2	Level 3	2023 Total carrying amount
		$'000	$'000	$'000	$'000
Financial assets and liabilities					
Cash assets					
Other administered bank accounts		3,005,806	..	..	3,005,806
Whole of government Treasury Offset Arrangement		(7,894,709)	..	..	(7,894,709)
QTC Cash Fund		250,000			250,000
Other financial assets		..	..	8,336,101	8,336,101
Total		(4,638,903)	..	8,336,101	3,697,198

41 Financial instruments (continued)

(e) Fair value (continued)

Class		Classification according to fair value hierarchy			2022 Total carrying amount
		Level 1	Level 2	Level 3	
		$'000	$'000	$'000	$'000
Financial assets and liabilities					
Cash assets					
Other administered bank accounts		2,011,294	..	..	2,011,294
Whole of government Treasury Offset Arrangement		(3,088,605)	..	..	(3,088,605)
Other financial assets			..	7,718,020	7,718,020
Total		(1,077,311)	..	7,718,020	6,640,709

The fair value of monetary financial assets and financial liabilities, other than QTC borrowings, is based on market prices where a market exists, or is determined by discounting expected future cash flows by the current interest rate for financial assets and liabilities with similar risk profiles. The fair value of the Queensland Future Fund is affected by the fair value of the underlying investments managed in the QIC Limited trust for QTC.

The fair value of QTC borrowings is notified by QTC. The fair value of loans and borrowings is calculated using discounted cash flow analysis and the effective interest rate. The fair value of financial assets and liabilities carried at amortised cost is disclosed below.

Administered on behalf of the whole of government

Fair value

	2023		2022	
	Carrying amount	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
Financial assets				
Receivables				
Loans and advances*	33,121	30,654	44,923	43,058
	33,121	30,654	44,923	43,058
Financial liabilities				
Interest bearing liabilities – Commonwealth borrowings*	19,180	18,717	29,996	29,436
Interest bearing liabilities – QTC borrowings	45,717,660	39,937,849	48,512,077	43,638,842
Total	45,736,840	39,956,566	48,542,073	43,668,278

* Carrying amount excludes amortised cost component of Loans and advances and Commonwealth borrowings.

42 Budget vs actual comparison

A budget vs actual comparison, and explanations of major variances, has not been included for the Statement of Cash Flows, as major variances relating to that statement have been addressed in explanations of major variances for other statements.

Certain responsibilities were transferred to Treasury as part of the machinery of government changes in 2022–23 (refer to note 2 (c). The budget figures used in this comparison represent the Adjusted budget figures for 2022–23, as published in the latest (2023–24) Service Delivery Statements tabled in Parliament. The original budget figures used in the previous Service Delivery Statements no longer serve as a useful basis to compare to Treasury's actual results.

Explanation of major variances for Administered Statement of Comprehensive Income

Note 26 Grants and other contributions

The increase is mainly due to higher National Partnership Capital Grants ($1.870 billion) mainly associated with the disaster recovery payments. Also contributing is higher GST revenue received from the Commonwealth Government ($495.016 million).

Note 27 Taxes

The increase is mainly due to greater than expected duties primarily relating to title ($524.065 million), registration ($145.796 million) and insurance ($47.317 million). Also contributing is higher payroll tax ($593.962 million) and gambling taxes ($217.212 million).

Note 28 Royalties

The increase primarily relates to higher coal royalties ($9.880 billion) and petroleum royalties ($723.986 million) due to increased coal and oil prices. This is partially offset by lower than anticipated mining royalties ($59.985 million).

Note 31 Interest revenue

The increase is mainly due to higher interest earned on the Treasury Offset Account ($92.789 million) and interest earned on trust fund relating to the Property Occupations Act 2014 and Motor Dealers and Chattel Auctioneers Act 2014 ($11.395 million).

Note 38 Gain on fair value movement of other financial assets

The increase relates to a gain of $83.528 million resulting from the increase in fair value of the Queensland Future Fund - DRF. This is partially offset by a decrease of $44.540 million due to the reversal of SPER impairments was budgeted as Gains on fair value movement of other financial assets but reported as part of the Losses on assets.

Note 32 Finance/borrowing costs

The decrease is mainly due to reduced interest on the government debt pools ($239.954 million). This is partially offset by increased interest on GOC advances ($50.481 million) and borrowing administration costs ($34.623 million).

Note 33 Losses on assets

The increase is associated with the movements in impairment losses and bad debts expenses in the Queensland Revenue Office, including SPER.

Note 34 Grants and subsidies

The increase mainly relates to payments made as part of the Energy Price Relief Plan agreed by National Cabinet in December 2022 and to be funded in partnership with the Australian Government, partially offset by lower than expected Commonwealth HomeBuilder Grant and First Home Owner's Grant payments.

Supplies and services

The increase is mainly due to the payment made under a Settlement Agreement for Queensland's Copperstring Project ($17 million). Also contributing is higher GST administration expense remitted to the Commonwealth ($8.191 million) and higher valuation fees ($7.097 million).

Total administered comprehensive income

The increase relates to the increase in fair value ($83.528 million) of the Queensland Future Fund – DRF.

42 Budget vs actual comparison (continued)

Explanation of major variances for Administered Statement of Financial Position

Note 36 Cash and cash equivalents

The decrease is mostly attributable to the Treasury Offset Account (TOA) of $7.021 billion. The purpose of TOA is to act as an offset account against departmental and consolidated fund cash balances under the whole of Government cash offset arrangements to facilitate the management of whole of Government cash position. As such, the balances in TOA fluctuate from year to year depending on the balances of other accounts within the whole of government cash offset arrangements. This is partially offset by increased cash balance in Treasury Administered account of $1.069 billion, mainly resulting from the level of Commonwealth funding received but not yet transferred to the Consolidated Fund at year end.

Note 37 Receivables non current

The increase reflects the level of loans associated with the DRFA.

Payables - current

The increase is primarily due to $217.561 million in unbudgeted GST revenue adjustment payable to the Commonwealth Government.

Transfers to government payable

This reflects administered revenue earned but yet to be transferred to the Consolidated Fund at year end. The increase mainly relates to the level of Commonwealth funding received on 30 June 2023 but transferred to the Consolidated Fund in July 2023. Also contributing is increased cash revenue collected but not yet transferred to the Consolidated Fund by the Queensland Revenue Office at year end.

Other liabilities

The decrease mainly reflects the level of unearned revenue relating to transfer duty, land tax and royalties.

Note 39 Interest bearing liabilities non current

The decrease mainly reflects a reduction in whole of government borrowings.

Other Note Disclosures

43 Related entity transactions with other Queensland Government controlled entities

The references to note numbers in the following disclosures may include other items to those listed below that are not classified as material or significant related entity transactions.

Controlled transactions

Note Reference	Description of Related entity transactions
Note 3: Appropriation revenue and Equity	Treasury's primary source of funding for the controlled books are appropriation revenue and equity injections from the State's Consolidated Fund.
Note 4: User charges and fees	Treasury received revenue from the Department of Education for provision of data for education services ($1.534 million) and QGrants system support services ($1.233 million), from Queensland Health for preventative health surveys ($1 million) and Department of Youth Justice, Employment, Small Business and Training for employment related data collection ($0.296 million) and QGrant system support services ($0.598 million) and from the Department of Justice and Attorney-General for social surveys and courts data processing services ($1.099 million).
	Treasury received revenue from the Motor Accident Insurance Commission and Nominal Defendant for corporate support ($1.292 million), Information and Communication Technology services ($0.872 million) and actuarial services ($0.615 million). Revenue is also received from the National Injury Insurance Scheme Queensland for Information and Communication Technology services ($0.113 million) and actuarial services ($0.125 million).
Statement of Comprehensive Income: Grants and contributions	Treasury received contributions from the Department of Education, Queensland Health and Department of Transport and Main Roads ($0.750 million each) towards the whole of government banking and financial services procurement project.
Note 8: Supplies and services	Treasury paid the Department of Energy and Public Works for management of accommodation leases ($23.339 million), Queensland Shared Services for business service fees ($1.648 million) and Smart Services Queensland for outsourcing of the State Penalties Enforcement Registry contact centre ($4.923 million) and CITEC for infrastructure and network services ($1.140 million) and confirm service fees ($0.238 million).
	Treasury paid corporate support services ($0.544 million) to DSDILGP and project delivery costs to the Department of Transport and Main Roads ($1.988 million) and Queensland Police Service ($0.318 million) to meet requirements of the Fines Modernisation Program.
	Treasury paid legal fees ($0.197 million) to the Department of Justice and Attorney-General for professional services rendered in relation to Queensland Revenue Office's legal cases, judicial review and other legal advice.
Note 9: Grants and subsidies	Treasury paid grants to the Department of Resources for the Financial Provisioning Scheme ($0.567 million). Treasury has also paid the Department of the Premier and Cabinet for its contribution to the Chief Operating Officer role in Queensland Health ($0.092 million), and the Department of Treaty, Aboriginal and Torres Strait Islander Partnerships, Communities and Arts for its contribution towards the Redress Scheme ($0.266 million).
Note 11: Other expenses	Treasury paid to the Queensland Audit Office audit fees relating to the 2022–23 financial statements.
	QTC provides company secretariat and accounting services to QTH. A fee of $0.356 million was charged for these services.
Note 13: Cash and cash equivalents	Treasury invested funds held by the Financial Provisioning Scheme in QTC cash fund amounting to $114.826 million and interest revenue net of management fees received during the year totalled $2.293 million. QTH invested funds with the QTC cash fund as at 30 June 2023 totalled $110.5 million and interest revenue net of management fees received during the year totalled $3.4 million.
Note 14: Receivables	Treasury pays the Department of Energy and Public Works for project delivery costs and reimbursement cost of project work ($3.455 million) relating to a private entity, with the payments made to be fully recovered via a finance lease receivable from the private entity.
	Treasury has outstanding receivable with the Department of Housing ($1.382 million) in relation to post-MoG transactions.
Note 15: Other financial assets	Treasury holds various investments managed by QIC Limited which includes the BDF, BQBIF, Repluca and FP Fund.
Note 18: Payables	Treasury has outstanding payables with Queensland Police Service ($1.894 million) and Department of Transport and Main Roads ($0.233 million) in relation to the post-MoG transactions.
Note 19: Interest bearing liabilities	QTH has loan balances outstanding to QTC as at 30 June 2023 of $99.7 million with interest expense and fees totalling $4.8 million capitalised against these loans. Queensland Hydro has a borrowing from QTC amounting to $54.114 million as at 30 June 2023.

43 Related entity transactions with other Queensland Government controlled entities (continued)

Administered transactions

Note Reference	Description of Related entity transactions
Note 27: Taxes	Treasury's Queensland Revenue Office is responsible for administering local government tax equivalents under the *Local Government Act 2009*. Commercialised business units that are in scope under these administrative arrangements are subject to payroll tax, land tax, vehicle registration duty, insurance duty and transfer duty ($249.367 million).
Note 28: Royalties	Treasury administers collection of royalties ($19.139 million) from GOCs.
Note 29: Appropriation revenue and Statement of Comprehensive Income - Transfers of administered revenue to government	Treasury receives appropriation revenue provided in cash via the State's Consolidated Fund. State revenue collection is transferred to the Consolidated Fund. Equity withdrawal for borrowing requirements is also paid to the Consolidated Fund.
Note 30: Fees and other revenue	Treasury administers the collection of competitive neutrality fees from GOCs under the National Competition Policy.
Note 34: Grants and Subsidies	Treasury administers grant payments to statutory bodies including Trade and Investment Queensland ($60.285 million) and Queensland Competition Authority ($4 million).
	Treasury has made payments to CS Energy as part of the Energy Price Relief Plan agreed by National Cabinet in December 2022 and to be funded in partnership with the Australian Government.
Note 35: Other expenses	Treasury administers the Queensland Government Insurance Fund, which receives premiums from and pays claims to member agencies relating to a full suite of insurance lines.
	Treasury as a guarantor under the Deed of Guarantee issued by the Treasurer for the Industry Support Package loans made a payment to QTC amounting to $9.042 million.
	Treasury incurred land valuation fee expenses of $10.553 million (relating to 2021-22 and an accrual for 2022-23) to the Department of Resources.
Note 36: Cash assets	Treasury operates a whole of government offset arrangement, which includes the Treasury Offset Bank Account and a Working Capital Facility. Note 36 outlines the key terms and conditions of these arrangements which covers advances and principal repayments from the General Government Debt Pool disclosed in Note 39. This include advances from GOCs under the GOC cash offset arrangements.
Note 37: Receivables	Treasury administers the provision of State and Commonwealth loans ($8.246 million) for DRFA to QRIDA. Treasury paid administration fees ($6.395 million) in relation to the loans.
Note 38: Other financial assets	Treasury holds investment in the Queensland Future Fund. The DRF, a sub-fund of the Queensland Future Fund holds FRN with QTC.
Note 39: Interest bearing liabilities	Treasury pays interest for borrowings it undertakes with QTC.
Equity	Treasury received an equity injection of $500 million from the Consolidated Fund and made a payment to CleanCo for renewable energy projects in Central Queensland.

44 Transfer payments

Payments under the Intergovernmental Agreement on Federal Financial Relations are made from the Commonwealth Treasury to the state and territory treasuries. These payments represent Specific Purpose Payments, National Partnership Payments and general revenue assistance.

While most of these payments are receipted and paid out to departments via appropriation funding, some payments are passed on directly to the relevant entities. These payments occur where:

- the payment is ultimately for a third party, for example, non-government schools
- the payment is a reimbursement of expenditure incurred by the State after invoicing the Commonwealth, or
- the agreement with the Commonwealth requires the payment to be paid into an interest-bearing account held by the final recipient of the funding.

Amounts received from the Commonwealth for direct payments to the following entities in 2022–23 totalled $3.983 billion (2022: $3.683 billion):

- Department of Education - quality schools funding, $3.962 billion (2022:$3.634 billion)
- Department of Agriculture and Fisheries - pest and disease preparedness and response programs, $20.799 million (2022: $48.889 million)

45 Agency transactions

Treasury currently acts as an agent and processes grant payments on behalf of a number of Queensland government departments. These transactions do not form part of Treasury's accounts and are instead reported by the various departments. For the 2022–23 financial year, the total value of grants paid was $268.515 million (2022:$270.631 million).

Australian Retirement Trust operates the Employers Contribution bank account on behalf of Treasury, in accordance with the *Financial Accountability Act 2009*. The account is utilised to provide for the whole of government Long Service and Annual Leave Central Schemes and Employer Superannuation Contributions. The account balance as at 30 June 2023 was $0.731 million (2022: $0.958 million), which represents money in transit to be identified as owing to either the Consolidated Fund and/or other Government Agencies.

46 Trust transactions and balances

Treasury also acts as an agent in the collection and distribution of unpaid infringement fines and court ordered monetary amounts for various external parties including local government bodies, universities and individuals.

	2023 $'000	2022 $'000
Opening balance	11,738	14,049
Collections:		
Cash receipts	51,442	41,602
Debtor overpayments	(36)	(792)
Cash not receipted	190	(116)
Cash not banked	..	4
Other	(118)	(109)
Distributions to principals	(49,314)	(42,900)
Balance 30 June	13,902	11,738

As Treasury performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in these notes for the information of users. While these transactions and balances are in the care of Treasury, they are subject to Treasury’s normal system of internal control and external audit by the Auditor-General (notes 44–46).

Queensland Treasury
Management Certificate
For the year ended 30 June 2023

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

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

(b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of Queensland Treasury and the consolidated entity for the financial year ended 30 June 2023 and of the financial position of Queensland Treasury and the consolidated entity at the end of that year; and

The Acting Under Treasurer, as the Accountable Officer of the Department, acknowledge(s) responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

M. Kelly	D. Brooks
Acting Under Treasurer	Chief Finance Officer
25 August 2023	25 August 2023

Queensland Audit Office
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INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of Queensland Treasury

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of Queensland Treasury (the parent) and its controlled entities (the group).

In my opinion, the financial report:

a) gives a true and fair view of the parent's and group's financial position as at 30 June 2023, and their financial performance and cash flows for the year then ended

b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

The financial report comprises the statements of financial position and statements of assets and liabilities by major departmental services as at 30 June 2023, the statements of comprehensive income, statements of changes in equity, statements of cash flows and statements of comprehensive income by major departmental services for the year then ended, notes to the financial statements including material accounting policy information, and the management certificate.

Basis for opinion

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

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

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

Key audit matters

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

Completeness of Tax revenue ($17.022 billion for the year ended 30 June 2023) and Royalties ($18.172 billion for the year ended 30 June 2023)

Refer to notes 27 and 28 in the financial report

Key audit matter	How my audit procedures addressed the key audit matter
Taxes and royalties are material administered balances of the department. The self-assessed nature of certain taxes, including duties ($7.478 billion) and payroll tax ($5.709 billion), and royalties increases the risk over completeness of amounts collected and accrued, as reported in the administered statement of comprehensive income. Completeness of revenue recognised is dependent on whether: • all required assessments have been lodged by self-assessors • the self-assessed amounts have been calculated accurately including ensuring: – all assessable transactions and balances are included – the assessable transactions and balances are reported at appropriate amounts. The department verifies taxpayer compliance using a risk-management approach. The department has implemented an annual compliance program to address this risk.	My procedures included, but were not limited to: • Testing the controls within the revenue management system to confirm the accuracy of tax and royalty calculations. • Reviewing the design and implementation of Queensland Treasury's compliance programs for taxes and royalties and assessing the outcomes, including recoveries, to determine the impact on the overall revenue. • Performing the following analytical review over taxes and royalties by: – analysing and corroborating the year on-year trends at business partner level to identify any unusual movements/ relationships – comparing the trends in external data to the movement in taxes and royalties, and corroborating any unusual movements/ relationships – analysing and corroborating the year on-year trends between actual and budgeted taxes and royalties.

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Impairment of State Penalties Enforcement Registry (SPER) Fines Receivable

(fines and penalty debt revenue $650.8 million for 2022 23; receivables of $1.145 billion as at 30 June 2023)

Refer to notes 30, 33 and 37 in the financial report

Key audit matter	How my audit procedures addressed the key audit matter
SPER debts are impaired based on the likelihood of collectability with reference to historical activity for the specific debt types assessed. Management judgement is required in assessing the extent to which debts may be impaired.	My procedures included but were not limited to: • assessing SPER collection and finalisation rates of the referred debts as these impact the determination of the long-term debt finalisation, withdrawal and recall rates • obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness • recalculating the long-term debt finalisation, withdrawal and recall rates to validate the mathematical accuracy of the model • Recalculating the impairment charge by applying the long-term debt finalisation, withdrawal and recall rates to the debt pool and comparing the impairment charge to the general ledger • Assessing the extent to which management's assessment of impairment reflects current economic circumstances.

Responsibilities of the accountable officer for the financial report

The accountable officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019 and Australian Accounting Standards, and for such internal control as the accountable officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.

  Evaluate the appropriateness of material accounting policy information used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2023:

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

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

Prescribed requirements scope

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

25 August 2023

Brendan Worrall
Auditor-General

Queensland Audit Office
Brisbane