

# Report on a page

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## The Queensland Government's financial statements are reliable

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The financial statements for the Queensland Government, the consolidated fund (the government's central bank account), the report on ministerial expenses, and the report on the office expenses of the leader of the opposition are all reliable and comply with legislative requirements. The audited 2020–21 Queensland Government financial statements were tabled in parliament on 28 October 2021, a month earlier than they were last year.

## The state's financial performance was better than forecast in the budget

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COVID-19 and the resulting domestic and global economic downturn substantially affected the state's main revenue streams in 2019–20, and this was forecast to continue into 2020–21. However, improved revenue performance and stability in expenditure resulted in a substantially lower operating deficit in 2020–21. The state's financial performance was also significantly better than was estimated in the Queensland Budget 2020–21 (2021 budget).

Improved economic conditions resulted in Queensland receiving an additional \$2.7 billion in goods and services tax (GST) funding from the Australian Government this year. This reversed the trend of the 3 previous financial years. Taxation revenue also increased this year, largely through increased activity in the Queensland property market. While revenue from coal royalties declined significantly because of the decrease in coal prices and export volumes, it is expected to increase substantially in 2021–22 due to historically high coal prices in the first half of the year.

Total expenses remained relatively stable in 2020–21 with the Queensland Budget 2021–22 (2022 budget) identifying that the government achieved savings of \$750 million under its Savings and Debt Plan. These savings were achieved by reducing departmental appropriations in the 2021 budget, with individual departments required to implement measures to achieve the savings in the 2020–21 financial year.

The 2022 budget forecasts revenue will increase at a greater rate than expenses over the next 4 years. This should see the Queensland general government sector (government departments and other government entities such as hospital and health services) return to a net operating surplus (where revenue exceeds expenses) by the 2024–25 financial year.

The emergence of the Omicron variant of COVID-19 in late 2021 has seen a substantial increase in COVID-19 infections in Queensland and Australia and could negatively impact the Queensland economy in the second half of the 2021–22 financial year.

## Debt levels are expected to increase

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Additional borrowings were required this year to fund the government's response to COVID-19 and the infrastructure program. However, the increase in borrowings was not as significant as was forecast in the 2021 budget. The 2022 budget identifies that borrowings will continue increasing over the next 4 years.

In response to the increased debt, the government established the Queensland Future Fund – Debt Retirement Fund in 2020–21. As at 30 June 2021, the fund held \$7.7 billion in state investments that can only be used to reduce state debt.

