Queensland
Audit Office
Better public services

Queensland Government state finances: 2018–19 results of financial audits

(Report 11: 2019–20).
Tabled 11 February 2020.

Welcome

Welcome to our presentation on the results of our 2018–19 financial audit of the Queensland Government state finances.

In addition to our audit of the Queensland Government state finances, this report includes the results of our audit of the *Consolidated Fund Financial Report*, the *Public Report of Ministerial Expenses* and the *Public Report of Office Expenses of the Office of the Leader of the Opposition*.

Audit results

This year, we provided an unmodified audit opinion on the Queensland Government's consolidated financial statements. This means that the financial statements were prepared in accordance with legislative requirements and accounting standards, and can be relied upon.

We also issued unmodified audit opinions on the *Consolidated Fund Financial Report* and the two public reports.

Financial performance

In 2018–19, the Queensland Government reported a net operating deficit of $1.1 billion. This was due to expenses increasing at a greater rate than revenue. While the government has continued to grow its revenue, it received less goods and services tax (GST) grant funding from the Australian Government this year. This funding is expected to decline further in the future.

Employee numbers continued to grow, contributing to employee expenses increasing by $1.5 billion.

The government's net asset position declined. Liabilities increased by $11.4 billion, due to increases in the value of borrowings, superannuation and employee entitlement obligations, and other government obligations.

While the government's superannuation liability increased, it currently holds sufficient investments to meet its future superannuation obligations.

Future challenges and emerging risks

Queensland Treasury has budgeted for reduced GST grant funding from the Australian Government in 2019–20. In addition, the extent to which the Australian Government agrees to provide funding for expiring National Partnership Agreements may impact on the government's ability to fund services in future years.

This will require the Queensland Government to maintain an appropriate balance between the revenue it receives from the Australian Government and its own-sourced revenue.

Unless the Queensland Government can increase its own revenue or constrain the recent growth in its expenses, it risks not being able to meet the costs of its activities from the revenue it earns going forward.

The Queensland Government is planning to invest in a $49.5 billion capital program over the next four years, which will be partly funded by additional borrowings. As a result, borrowings are forecast to increase by $15.4 billion over this period.

The government needs to ensure that there is an appropriate repayment plan in place to meet its debt obligations without impacting on available funding for the delivery of government services. Based on current forecasts of revenue and operating expenses, we expect this increase in debt to be sustainable.

In addition to existing liabilities, there are several new liabilities that the government may be required to recognise in future years—for example, native title compensation claims, class actions with respect to the impact of the 2011 floods, and the extension to the National Redress Scheme.

For more information

For more information on the results, financial performance, and future challenges and emerging risks highlighted in this summary presentation, please see the full report on our website.

Thank you.