

Report on a page

The Queensland Government's financial statements are reliable but not always timely

The financial statements for the Queensland Government, the consolidated fund, 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.

This year, the Queensland Government financial statements were signed earlier than the prior year, but after the state election. We recommend the government establishes a statutory deadline to ensure timely public reporting of these results.

The state's financial performance was significantly impacted by COVID-19

COVID-19 and the resulting domestic and global economic downturn substantially affected the state's main revenue streams in 2019–20, including from goods and services tax (GST) grants, taxation, the provision of government services, and royalties (mainly from the extraction of coal).

The substantial downturn in economic activity from COVID-19 significantly reduced total GST collections by the Australian Government, which reduced the amount of GST it paid to the states and territories as GST grants. The Queensland Government received \$1.6 billion (11 per cent) less GST funding this year. This decline is expected to continue in 2020–21 as the ongoing impacts of COVID-19 continue.

The Queensland Government's expenses increased significantly because it introduced economic relief packages in response to COVID-19. In addition, the growing public sector workforce, particularly in health and education, also contributed to the increasing expenses.

The Queensland Budget 2020–21 recognises there will be difficulties in increasing revenue over the next four years. The budget also forecasts that expenses will increase over the same period as the government continues to respond to COVID-19 and implement plans for economic recovery. The government is aiming to limit the expenses of the general government sector (government departments and other non-trading entities) through a savings and debt plan, targeting savings of \$3 billion over four years to 2023–24.

Debt levels are expected to significantly increase

Additional borrowings were required this year to partially fund the government's response to COVID-19. Borrowings are expected to significantly increase over the next four years as the government continues to respond to COVID-19 with its economic recovery plan, including an increased capital works program. Some of the additional borrowings will be required to fund the government's operating expenses in 2020–21, for the first time in eight years.

In response to the increased debt, the government will establish the Queensland Future Fund—Debt Retirement Fund by 30 June 2021. The government has estimated the fund will hold \$5.7 billion in state investments that can be used only for reducing state debt. To enhance transparency, we recommend that for each fund established as part of the Queensland Future Fund, the government prepares financial statements, which are audited, and made publicly available.

