Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 01

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

What are the projected returns for financial years 2021-22 to 2025-26, reported separately by financial year, for the:

- $1b Housing Investment Fund
- $500m Carbon Reduction Investment Fund; and
- $300m Path to Treaty Fund?

ANSWER:

This question was addressed in the answer to Question on Notice 294 asked 30 March 2022.

As stated in that response, I am advised that the Housing Investment Fund, the Carbon Reduction Investment Fund and the Path to Treaty Fund are part of the Long Term Assets held by Consolidated Fund through a Fixed Rate Note with Queensland Treasury Corporation (QTC). QTC has invested the assets transferred to it in 2021 in underlying investment trusts managed by QIC Limited. The market value of the assets in the underlying trusts and the returns achieved by specific investments may fluctuate from time to time, but this does not impact the return on the Fixed Rate Note for the General Government Sector, which is currently set at 6.5 per cent per annum.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 02

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Will the Treasurer please provide an itemised list of current asset holdings under the Debt Retirement Fund and the Queensland Future Fund?

ANSWER:

The Debt Retirement Fund is the first and only fund established under the umbrella of the Queensland Future Fund. The Debt Retirement Fund is reflected on Queensland Treasury's balance sheet as a Fixed Rate Note with Queensland Treasury Corporation.

The audited market value of the assets attributable to the Debt Retirement Fund through the Fixed Rate Note at 30 June 2021 was $7.742 billion. The updated value for 30 June 2022 has not been finalised for the end of year.

The strategic asset allocation of the underlying assets of the Debt Retirement Fund was disclosed in Queensland Treasury's 2020-21 Annual Report.

The equivalent information for 2021-22 will be tabled in Queensland Treasury's 2021-22 Annual Report.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 03

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to measures outlined in Budget Paper 4, will the Treasurer please provide Queensland Treasury's definition of funds 'held centrally?'

ANSWER:

The concept of funds held centrally has been in use in Queensland budget papers for at least 14 years, including the period in which the Liberal National Party was in Government, and the concept was used in those Newman Government budgets.

For the benefit of the Committee, funds held centrally refers to funding decisions made by the government where the appropriation has not yet been provided to the relevant department and remains within the Consolidated Fund.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 04

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With regard to interest rate risk outlined in Budget Paper 2, will the Treasurer please provide the current ratings given to Queensland by the major credit rating agencies for the following criteria:
• Institutional framework
• Economy
• Financial management
• Budgetary performance
• Liquidity; and
• Debt burden?

ANSWER:

Queensland Government's most recent rating outcomes across applicable criteria are as follows:

- AA+ (stable) affirmed by S&P Global on 22 February 2022.
- Aa1 (stable) affirmed by Moody's on 10 December 2021.
- AA+ (stable) upgraded by Fitch on 13 December 2021 from AA (stable).

I am advised that, according to S&P, Queensland holds the equal highest credit rating of all states and territories, other than Western Australia.

I am further advised that only S&P provide results against the suite of criteria identified in the question, as follows:

S&P Scorecard

	Qld	**NSW**	**Vic**
Institutional Framework	1	1	1
Economy	1	1	1
Financial Management	2	1	2
Budgetary Performance	4	4	5
Liquidity	1	1	2
Debt Burden	4	4	4

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 05

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

In relation to the 'Savings and Debt Plan,' will the Treasurer please provide an itemised list of savings achieved in 2021-22 and expected savings for 2022-23 to 2025-26?

ANSWER:

The Queensland Government's Savings and Debt Plan announced on 9 July 2020 identified a savings target of $3 billion over four years ($750 million per annum) to 2023-24.

As outlined in the 2022-23 State Budget (Budget Paper 2), these savings have been fully met through a combination of specific measures and agency savings efforts, with corresponding adjustments made to agency appropriation. Incorporating the achievement of these ongoing savings in the Queensland Budget supports the management of expenses over the forward estimates and the return to surplus by 2024-25.

The Savings and Debt Plan provided guidance to departments and agencies on how to achieve budgeted savings. However, individual departments and agencies are empowered to implement specific measures, and any additional local savings and efficiencies that they may identify, to achieve those savings. Queensland Treasury does not keep itemised lists of savings achieved by departments and agencies in this regard.

These savings are being achieved without materially impacting existing commitments and services, and in a manner consistent with the Queensland Government's commitment to employment security.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 06

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

In relation to Employee Expenses, will the Treasurer please provide the following details that were used as the basis for the assumptions:

- Number of FTEs by department by year until 2025-26
- Number of FTEs by department by year until 2025-26, broken up by full time, part time and casual; and
- Forecast wage increases by year by department until 2025-26?

ANSWER:

This question was asked as a Question on Notice in the 2021 Estimates process.

Consistent with the answer I provided in the 2021 Estimates process, the number of FTE positions by Department for 2021-22 and 2022-23 are detailed in Table 5.2 on page 121 of Budget Paper No.2.

This table reflects the allocation of full time equivalent staff to agencies as agreed by Government, funded by the appropriation before the committee, and relates to the Service Delivery Statement for each portfolio which shows employee expenses for those portfolios.

The allocation of staff and employee expenses by agency beyond the budget year is forecast by Treasury in Budget Paper 2 but is subject to determination by Government in future budget cycles, and then published within the budgets for those years as appropriate.

Staff resources are allocated on a full time equivalent (FTE) basis and agencies distribute the FTE across full-time, part-time and casual employment to suit agency requirements. The Public Service Commission is responsible for reporting on employment status.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 07

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

In relation to Table 2.2 'Queensland economic forecasts, by component' in Budget Paper 2, please provide by component, dollar quantum and industry, all drivers and assumptions that support the forecasts for 2022-23 and 2023-24 for:

- Household consumption
- Dwelling investment
- Overseas good and services exports; and
- Overseas good and services imports?

ANSWER:

Household consumption

The Omicron outbreaks in early 2022 and related supply chain disruptions, as well as temporary impacts from the flooding in South East Queensland, weighed on household spending intentions and constrained consumption growth in March quarter 2022. However, strong consumption outcomes in the first half of 2021-22 are expected to lead to strong year-average growth of around 3¼ per cent.

Driven by sustained growth in labour income, a lagged impact of the terms of trade boom, a pick-up in population growth and further strong growth in dwelling construction, real consumption growth in Queensland is expected to remain solid at around 2¾ per cent in 2022-23. As monetary policy tightens and the dwelling construction cycle matures, consumption growth is expected ease to around 2¼ per cent in 2023-24.

Dwelling investment

The combination of record low interest rates, indications by the RBA that rates would remain low for an extended period and government incentives underpinned a boom in dwelling investment in Queensland. Reflecting this strong demand, there was a record $10.6 billion of residential work in the pipeline as of December quarter 2021, easily eclipsing the previous record in 2016 during the inner-city apartment boom in Brisbane.

Dwelling investment in Queensland is expected to grow strongly, by 10 per cent in 2021-22, with pandemic related supply chain issues pushing a substantial portion of work in the pipeline into 2022-23, where dwelling investment is expected to grow a further 10 per cent.

As the current backlog of work is completed, combined with anticipated further interest rate increases, this is expected to begin tempering dwelling construction activity in 2023-24.

Overseas good and services exports

After an estimated ¾ per cent growth in 2021-22, in real terms, exports of goods and services are forecast to grow by 4 per cent in both 2022-23 and 2023-24, as international tourism and education exports recover from the COVID-19 induced lows.

Coal

Queensland's coal export volumes have held up well despite restrictions on Chinese coal imports from October 2020. Almost 90 per cent of the reduction in export tonnages to China have been offset by increased exports to other countries, including India, Japan and South Korea.

Sustained exceptionally high prices for both metallurgical and thermal coal in late 2021, and so far in 2022, have tempered global demand for coal. Queensland's coal export volumes are estimated to have fallen by 3¾ per cent in 2021-22. As coal prices return to more sustainable levels, Queensland's coal exports are forecast to recover modestly in 2022-23 (up ¾ per cent) and then grow more strongly in 2023-24 (up 6½ per cent).

LNG

The volume of Queensland's LNG exports is estimated to grow by 3¼ per cent in 2021-22, as another colder than expected winter in the northern hemisphere boosted demand for gas.

Global oil prices rebounded throughout 2021 as the unwinding of global production cuts was outpaced by a faster than anticipated recovery in global oil consumption. As a result, the prices for Queensland's LNG exports have rebounded sharply, which is expected to nearly double the value of LNG exports in 2021-22.

Queensland's record LNG export volumes are expected to moderate only slightly in 2022-23, as sanctions on Russian gas exports cause the US to divert cargos from Asia to supply the tight European gas market, which in turn will tighten supply in Asia and maintain strong demand for Queensland's LNG.

Metals

After modest growth in 2020-21, Queensland's metals exports are estimated to have fallen by 1¼ per cent in 2021-22, driven by a decline in exports of lead and zinc, more than offsetting an increase in copper exports.

A rebound in zinc exports and a modest recovery in aluminium (including bauxite and alumina) exports are forecast to drive growth in metals exports by 2¼ per cent in 2022-23. Metals exports are then forecast to be relatively flat in 2023-24.

Agriculture

The volume of agriculture exports fell by around 7 per cent in 2020-21, driven by a sharp decline in beef exports, as improved rainfall encouraged producers to retain stock for breeding purposes. Reflecting the improved growing conditions, agriculture exports in Queensland are expected to return to growth in 2021-22, driven by cotton and other crops.

Services exports

The closure of international borders in early 2020 resulted in a substantial reduction in overseas tourist and student arrivals, with overall services exports falling by 43.7 per cent during 2020.

The impact on overseas tourism spending was immediate, with a decline of 79 per cent during 2020. The impact on spending by international students was more gradual (down 21.2 per cent) as many students were already in Australia and able to continue their studies.

The reopening of international borders should lead to a reversal of these trends over time. However, the recovery is expected to be gradual over the forecast horizon, as it will take some time for confidence to return to the international tourism market and for international transport capacity to recover.

Overseas good and services imports

Overseas goods imports rebounded strongly in 2020-21, driven by the significant rebound in economic activity following the easing of COVID-19 restrictions. However, overseas services imports remained significantly constrained by the pandemic, with international travel bans in place for most of 2020 and 2021 preventing most Australians from travelling abroad.

In year-average terms, Queensland's overseas imports (goods and services) are forecast to rise by 6 per cent in 2021-22 and 12 per cent in 2022-23 as overseas travel begins ramping back up toward pre-pandemic levels.

Assumptions

Key assumptions underpinning the Budget economic forecasts include:

- the RBA to continue its monetary policy normalisation over the course of 2022 and 2023
- the A$ exchange rate to move toward its assumed medium-term anchor of around US$0.75
- Brent oil prices to remain elevated in 2022 but ease towards US$75 per barrel by the end of 2024
- the Brisbane residential property price cycle to peak in June quarter 2022 and ease over the following 2 years, before growing again toward the end of the forward estimates
- according to the Bureau of Meteorology, the present La Niña weather pattern is expected to fade in winter. Average seasonal rainfall is assumed for the remainder of the 2022 and 2023 seasons
- Queensland Health will continue to prioritise management of the pandemic as well as the transition to the endemic phase, with a focus on progressive resumption to planned care, responding to strong demand for services and a return to pre-pandemic access to services
- in line with 2022-23 Federal Budget assumptions, Australia's international borders are expected to remain open to migrants and fully vaccinated tourists.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 08

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

In relation to SPER, will the Treasurer please provide-

- Outstanding debtors for SPER broken up in the following buckets by dollar figures and number of unpaid debts in tabular form: 1-30 days, 31-60 days, 61-90 days, 90-365 days, 1-3 years, 3-5 years, 5-10 years, and 10 years plus as at May 31, 2022; and
- Outstanding debtors for SPER broken up in the following buckets by dollar figures and number of unpaid debts in tabular form: 1-30 days, 31-60 days, 61-90 days, 90-365 days, 1-3 years, 3-5 years, 5-10 years, and 10 years plus as at June 30, 2021?

ANSWER:

A breakdown of outstanding SPER debts is provided below. For the purpose of allocating debtors to the "buckets", the age of the debt is defined as the age of the debt when it was referred to SPER.

As at 31 May 2022:

SPER debts by age of debt, 31 May 2022		
Age of debt[1]	Number of unpaid debts	Outstanding balance ($ million)
Up to 30 days	862,389	$440.8
31 - 60 days	2,426,657	$679.3
61 - 90 days	103,870	$27.5
91 days to 1 year	529,835	$105.2
1 - 3 years	26,849	$10.3
3 - 5 years	1,814	$1.7
5 - 10 years	1,422	$0.8
More than 10 years	631	$0.3
Total[2]	3,953,467	$1,266.0

Notes:
1. Age of debt is defined as the age of debt when it was referred to SPER.
2. Numbers may not add due to rounding.

As at 30 June 2021:

SPER debts by age of debt, 30 June 2021		
Age of debt[1]	Number of unpaid debts	Outstanding balance ($ million)
Up to 30 days	905,239	$459.9
31 - 60 days	2,529,542	$674.2
61 - 90 days	114,034	$29.4
91 days to 1 year	637,410	$123.7
1 - 3 years	31,456	$11.9
3 - 5 years	1,927	$2.1
5 - 10 years	1,511	$0.9
More than 10 years	608	$0.3
Total[2]	4,221,727	$1,302.4

Notes:

1. Age of debt is defined as the age of debt when it was referred to SPER.
2. Numbers may not add due to rounding.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 09

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to page 5 of the Service Delivery Statement, specifically the measurement of ‘cost to manage the State’s resource sector estimated rehabilitation cost risk as a proportion of that risk’, will the Treasurer please provide an overview of the reasons for the 2021-22 estimated actual result of 0.05%, compared to the 2021-22 targeted result of 0.08%?

ANSWER:

The decrease in the 2021-22 Estimated Actual is a combination of a slightly lower cost to manage the scheme and an increase in the estimated rehabilitation cost.

There has been a $1.363 billion increase in estimated rehabilitation cost from $10.882 billion at 30 June 2021 to $12.245 billion at May 2022.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 10

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to page 4 of the Service Delivery Statement, specifically the 83% overall customer satisfaction with policy and performance advice provided, will the Treasurer please provide all backing data with supports the 83% score?

ANSWER:

The annual Customer Satisfaction Survey seeks feedback on customer experiences receiving services and advice from Queensland Treasury over a 12-month period.

The 83% overall customer satisfaction score for policy and performance advice provided is based on the addition of two numbers, namely 54% who were reported as Satisfied and 29% who reported as Very satisfied.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 11

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Noting Budget Paper 2, section 3, what is the state of Queensland's budget operating position and when the government will be targeting a surplus and how does this compare with other jurisdictions?

ANSWER:

The table below compares Queensland's net operating balance outlook with other states.

Net Operating Balance*	2021-22 Est Act ($m)	2022-23 Forecast ($m)	2023-24 Forecast ($m)	2024-25 Forecast ($m)	2025-26 Forecast ($m)
Queensland	**1,915**	**-1,029**	**-1,083**	**137**	**183**
New South Wales	-16,562	-11,260	-2,769	601	1,431
Victoria	-17,631	-7,864	-3,263	-1,126	652

**Information sourced from relevant 2022-23 state budgets*

The General Government Sector net operating balance for Queensland has improved substantially in 2021–22, from a forecast deficit of $3.485 billion to a surplus of $1.915 billion. A portion of the $9.071 billion revenue uplift since the 2021–22 Budget results from temporary factors, and has been responsibly directed towards an improved operating position and the reinstatement of fiscal buffers.

For 2021–22, Queensland's peers of NSW and Victoria will be delivering deficits of $16.6 billion and $17.6 billion, respectively

As the impact of temporary factors on Queensland's revenue outlook begin to unwind in 2022-23, the operating position is expected to return to a deficit. Consistent with previous forecasts, however, a return to surplus is forecast for 2024–25 and 2025–26.

Queensland's forecast deficit in 2022-23 of around $1 billion is significantly lower than the forecast deficits of $11.3 billion for NSW and $7.9 billion for Victoria.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 12

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to Budget Paper 2, Section 4 could the Treasurer give further information about how the run up in the value of coal has delivered a return for Queensland?

ANSWER:

Coal royalties are designed to ensure all Queenslanders receive a fair and appropriate return on the State's valuable, limited and non-renewable natural resources. This return to Queenslanders helps enable the provision of essential infrastructure and services to meet the needs of all Queenslanders across the state.

Global coal prices have increased substantially since mid-2021. On a year-average basis, the premium hard coking coal price is estimated to be US$364 per tonne in 2021–22, an increase of more than 200 per cent on 2020–21.

Coal royalties are expected to total $7.290 billion in 2021–22. In comparison, at the time of the 2021-22 Budget Update, coal royalties were expected to total $4.640 billion in 2021-22.

Despite an increase in royalties, given the exceptional surge in coal prices experienced across 2021 and the first half of 2022, the previous royalty rate structure did not provide a fair return to Queenslanders during periods of such high prices.

Until the changes made in the 2022-23 State Budget, the State's coal royalty tiers had been unchanged since 2012 and were primarily designed for lower coal prices, with a top tier of 15 per cent royalty applying on a marginal basis to the portion of the price above A$150 per tonne. With spot coal prices reaching as high as around A$900/tonne in early 2022, it was clear the previous rate structure was no longer fit for purpose.

This was highlighted by the latest ABS data which demonstrated the extraordinary surge in global coal prices. Over the year to March 2022, the value of Queensland's coal exports increased by $26.3 billion compared with the previous year, reaching a total value of $51.9 billion.

Over this same period, coal royalties only rose by $2.9 billion, to a total of $4.9 billion.

To ensure all Queenslanders receive a fair and appropriate return on the state's valuable and limited natural resources during future periods of high coal prices, three additional progressive coal royalty rates have been introduced from 1 July 2022. The higher tiers only take effect on the portion of the royalty price above the relevant higher price thresholds.

The increased return to Queenslanders in future periods of high prices will help enable the provision of essential infrastructure and services across the state.

More information on this measure can be found in Box 4.6 of the 2022–23 Budget Paper 2.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 13

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Further referencing Budget Paper 2 could the Treasurer please advise the committee about how Queensland's economy compares with other jurisdictions on some of the main economic indicators collected by the ABS?

ANSWER:

Queensland's domestic economy and labour market has outperformed the rest of the nation since the onset of the COVID-19 pandemic.

Queensland has recorded the largest rise in employment in the country, with 219,400 more Queenslanders employed in June 2022 than before the pandemic. In comparison, over the same period, New South and Victoria experienced respective jobs gains of 159,600 and 101,100.

In addition, compared with pre-COVID March 2020, Queensland's participation rate has risen 1.9 percentage points to 67.4 per cent in June 2022, equating to 176,800 persons entering the labour force over this period.

In comparison, New South Wales and Victoria each recorded workforce participation rate increases of just 0.7 percentage point over the same period.

Despite surges in Omicron cases in early 2022, major flooding in South-East Queensland and the Russian invasion of Ukraine and subsequent global sanctions, Queensland's domestic economy still continued to grow in the first quarter of 2022, and maintained its stronger performance compared with the major southern states since the onset of the COVID-19 crisis.

Queensland's domestic activity, measured by state final demand, was up 7.8 per cent in the first quarter of 2022 compared to the pre-pandemic period of March quarter 2020. This was stronger than the rest of Australia's growth of 6.9 per cent.

A range of recent indicators of Queensland's domestic economy show momentum has carried through to the early parts of June quarter 2022.

For example, nominal retail spending in Queensland rose 1.6 per cent in May, to be 25.0 per cent above the pre-pandemic level, and higher than 22.7 per cent growth in rest of the nation.

In addition, dwelling approvals in May were 40.1 per cent higher than the pre-pandemic level, above the 20.2 per cent growth in rest of Australia. Similarly, the value of new loan commitments for dwellings was 81.2 per cent higher in Queensland, compared with rest of Australia's 65.8 per cent.

Queensland has also recorded higher net interstate migration during the pandemic compared with any other jurisdiction in Australia. Latest data show net arrivals of 19,200 into Queensland in December quarter 2021, to be 50,200 over the year, representing record levels on both a quarterly and annual basis.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 14

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Could the Treasurer please advise the Committee about how Queensland's exports have performed during the COVID-19 pandemic referencing Budget Paper 2?

ANSWER:

Driven by the impacts of the COVID-19 pandemic, the volume of Queensland's overseas goods and services exports fell by 15.3 per cent in 2020 and a further 6.1 per cent in 2021.

Services exports were heavily impacted by closures of international borders to combat the spread of the virus, which resulted in a substantial decline in international tourist and student arrivals. The volume of Queensland's overseas service exports fell by 44.8 per cent in 2020 and a further 26.9 per cent in 2021.

Goods exports were less impacted by the pandemic, but decreased global economic activity still reduced demand for some of Queensland's key exports commodities. This was exacerbated by poor weather conditions negatively impacting agricultural exports and China's restrictions on a number of Australian exports, particularly coal. As a result, Queensland's overseas goods exports fell by 10.2 per cent in 2020 and a further 3.7 per cent in 2021.

However, a stronger than expected recovery in global demand combined with numerous pandemic related supply disruptions across key commodities saw prices for Queensland's key commodity exports increase sharply in 2021, particularly for coal, LNG and metals exports. As a result, the nominal value of Queensland's goods exports rebounded 28.4 per cent in 2021.

These elevated prices have escalated further so far in 2022, which is pushing up the value of merchandise exports even higher. The latest data from the ABS show that in the 12 months to May 2022, the nominal value of Queensland's overseas merchandise exports rose 90.4 per cent to a record $108.9 billion, far surpassing the pre-pandemic level of $84.2 billion in 2019.

The recovery in Queensland's services exports is expected to be more gradual, as it will take some time for confidence to return to the international tourism market and for international transport capacity to recover.

Looking ahead, the 2022-23 Queensland Budget forecasts the volume of overseas goods and services exports to grow by 4 per cent per annum in both 2022-23 and 2023-24, as international tourism and education exports recover from the COVID-19 induced lows.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 15

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Referencing Budget Paper 2 section 4 and Appendix A, what is the comparative size of the Government's concession Budget, and the kinds of concessions available to Queenslanders in the current financial year?

ANSWER:

In 2022–23, the Queensland Government is delivering $6.786 billion in concessions which includes subsidies, rebates and discounts for a range of essential services, including allowing Queenslanders to access cheaper electricity, transport, health, education and training services.

This represents an increase of more than 10 per cent from 2021-22. Since the first full year of the Palaszczuk government in 2015-16, the value of concessions provided by the Queensland Government has increased by 44 per cent. This increase in total concessions has out-paced inflation by 1.4 per cent on average per annum.

Key concessions available to Queenslanders in the current financial year include:

- $541.3 million housing rental rebate supporting 54,700 low income households
- $385 million for the $175 Cost of Living Rebate on households' power bill
- $243 million for the Electricity Rebate Scheme of up to $372 per annum to assist with the cost of domestic electricity supply to eligible households
- $195.8 million for Vehicle and Boat Registration Concessions available to a range of groups, including Queensland Seniors Card holders, to reduce registration fees
- $180.7 million for the Oral Health Scheme, providing free dental care to eligible clients and their dependents
- $153.9 million for the School Transport Assistance Scheme, which provides funding for low-income households to reduce the costs of travelling to school

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 16

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Referencing Budget Paper 2 could the Treasurer advise the committee about the returns on the Queensland Future Fund since its inception?

ANSWER:

The Debt Retirement Fund is established under the umbrella of the Queensland Future Fund. The Debt Retirement Fund is reflected on Queensland Treasury's balance sheet as a Fixed Rate Note with Queensland Treasury Corporation.

The audited market value of the assets attributable to the Debt Retirement Fund through the Fixed Rate Note at 30 June 2021 was $7.742 billion. The updated value of the Fixed Rate Note at 30 June 2022 has not been finalised for the end of year.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 17

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

Noting Section 3 of Budget Paper 2, what is the progress of the government's Financial Provisioning Scheme?

ANSWER:

The Financial Provisioning Scheme (scheme) supports the State's fiscal sustainability by managing the financial risk associated with resource sector holders of an environmental authority and small scale miners failing to meet their rehabilitation obligations.

Since the Scheme's commencement on 1 April 2019 it is managing approximately $12 billion in estimated rehabilitation cost (ERC) risk (June estimate).

Importantly, there have been no judicial reviews on Scheme Manager decisions, there have been no claims made against the Financial Provisioning Fund during this time.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 18

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

What steps is the government taking to adhere to its fiscal principles as outlined in Budget Paper 3?

ANSWER:

Fiscal Principles are discussed in Budget Paper 2. In the 2021–22 Queensland Budget, the government set out its medium-term strategy for fiscal recovery, including a new Charter of Fiscal Responsibility. This set out renewed fiscal principles to support the restoration of fiscal buffers.

The 2022-23 Budget provided an update regarding progress towards achieving these medium-term objectives.

Fiscal Principle 1 – Stabilise the General Government Sector net debt to revenue ratio at sustainable levels in the medium term, and target reductions in the net debt to revenue ratio in the long term.

Significant progress has been made against this fiscal principle.

The general government ratio of net debt to revenue has been revised down to 16 per cent in 2021–22, a 10 percentage point reduction compared to the 2021–22 Budget Update. This is far lower than interstate peers, with a 2021-22 estimated actual ratio of general government net debt to revenue of 52 per cent for NSW and 125 per cent for Victoria. Based on 2020-21 actuals, Queensland also compares favourably with a ratio of general government net debt to revenue of 18 per cent and NSW at 42 per cent and Victoria at 100 per cent.

By 2024–25, the ratio is forecast to reach 44 per cent, lower than the ratio of 50 per cent forecast in the 2021–22 Budget Update and much lower than the forecast ratio 61 per cent in the 2021–22 Budget. Queensland's ratio of 50 per cent in 2025-26 also compares favourably with peers, with NSW estimating a ratio of 102 per cent and Victoria a ratio of 183 per cent.

Fiscal Principle 2 – Ensure that average annual growth in General Government Sector expenditure in the medium term is below the average annual growth in General Government Sector revenue to deliver fiscally sustainable operating surpluses.

Revenue growth over the forward estimates is forecast to be relatively volatile, with a large increase (15.9 per cent) expected in 2021–22 driven by increases in royalties and transfer duty. Growth is then expected to moderate in 2022–23 as key commodity prices and housing activity return to more normal levels.

Over the 5 years to 2025–26, revenue is expected to grow at 4.5 per cent on average per annum, compared to 4.1 per cent for expenses.

An operating surplus is expected in 2024–25, consistent with previous forecasts.

Fiscal Principle 3 – Target continual improvements in net operating surpluses to ensure that, in the medium term, net cash flows from investments in non-financial assets (capital) will be funded primarily from net cash inflows from operating activities. The capital program will focus on supporting a productive economy, jobs, and ensuring a pipeline of infrastructure that responds to population growth.

Maintaining a capital program that will support services and jobs and enhance the productive capacity of the economy remains a government priority.

The government continued a substantial capital program through the pandemic and its $50 billion infrastructure guarantee will ensure a pipeline of key priority projects. A capital program of $59.1 billion is planned over the 4 years to 2025–26.

Strong revenue performance in 2021-22 and volatility in revenue growth over 2021–22 and 2022–23 combined with the profile of capital expenditure, which is uneven by nature, means a degree of volatility in outcomes can be expected.

As the budget position improves across the forward estimates, the proportion of capital funded through operating cash is expected to generally improve, taking year-on-year volatility into account and by 2025-26 the coverage is expected to be 50 per cent.

Fiscal Principle 4 – Maintain competitive taxation by ensuring that, on a per capita basis, Queensland has lower taxation than the average of other states.

Fiscal Principle 4 directly measures Queensland's taxation revenue per capita relative to other jurisdictions, providing a meaningful indication of the competitiveness of Queensland's tax regime and policies.

Using the latest forecasts, Queensland's published taxation per capita of $3,535 for 2022-23, compares favourably against the updated average of other jurisdictions of $4,396, a difference of $861.

Fiscal Principle 5 – Target the full funding of long-term liabilities such as superannuation and workers' compensation in accordance with actuarial advice.

This is a long-standing Queensland Government priority and a key element of Queensland's fiscal strategy.

Full funding of superannuation and other long-term liabilities continued through the COVID-19 crisis.

The actuarial investigation of the Defined Benefit Fund at 30 June 2021 found it to be in surplus. At 30 June 2021, WorkCover Queensland was fully funded.

Queensland remains the only state government in Australia to have fully funded superannuation obligations.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 19

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to Budget Paper 2, page 39, could the Treasurer please update the committee about the government's commitment to Queensland's flood recovery especially in Logan but also throughout the state?

ANSWER:

The estimated reconstruction bill for the 2021-22 disaster season is over $3 billion. Thousands of individuals, families, communities, small businesses, primary producers and sporting organisations have felt the full impact of the floods.

I am advised that, as at 1 July 2022, more than $30.8 million in financial assistance has been provided to impacted Queensland residents, benefitting more than 106,200 people affected by the severe weather and flooding across South-East Queensland. This includes more than $4.7 million distributed in Logan, assisting more than 20,500 people.

I am further advised that we have secured more than $2 billion in extraordinary assistance packages, jointly funded by the Australian and Queensland governments under the Disaster Recovery Funding Arrangements (DRFA), to provide support to communities in need. This means there are grants of up to $75,000 for primary producers, up to $50,000 for affected small businesses and not-for-profit organisations, and $20,000 for sporting and community clubs and associations available through the DRFA to help flood-affected communities get back on their feet.

I am advised that nearly 4000 of these extraordinary assistance grants valued at nearly $56 million have been approved to assist primary producers, small businesses and not-for-profit agencies, including $1.7 million for 35 primary producers, 73 small businesses and nine not-for-profit agencies in Logan.

Economics and Governance Committee

Estimates Question on Notice
Asked on 11 July 2022
No. 20

THE COMMITTEE ASKED THE TREASURER AND MINISTER FOR TRADE AND INVESTMENT (HON C DICK)—

QUESTION:

With reference to the Wide Bay Action Plan section of the Budget supplementary papers, what measures are in the Budget to further support jobs in Hervey Bay?

ANSWER:

The Queensland Government's $1.2 billion investment in productivity enhancing infrastructure and capital works in 2022-23 is estimated to support around 3,900 jobs in the Wide Bay region, which includes Hervey Bay.

The 2022-23 Budget includes the following projects in Hervey Bay:

- *Hervey Bay Hospital:* $40M for the expansion of the Hervey Bay Hospital to deliver an additional 35 beds by 2024

- *Fraser Coast Mental Health Project:* $17M in 2022-23 out of a $39.6M total spend for delivery of a new adult acute mental health inpatient unit at Hervey Bay and refurbishment of the sub-acute older persons mental health unit at Maryborough

- *Urangan State High School*: $5.1M in 2022-23 out of a $10.7M total spend to deliver a new hall

- *Urangan Point State School*: $2.8M in 2022-23 out of a $5.8M total spend to deliver a new hall

- *Maryborough – Hervey Bay Road and Pialba – Burrum Heads Road, intersection upgrade*: $2.7M in 2022-23 out of a $44.1M total spend towards upgrading the signalisation at the intersection and duplicate part of the Maryborough-Hervey Bay Road and Pialba-Burrum Heads Road. Delivered in partnership with the Australian Government.

- *Hervey Bay replacement police facility*: $100,000 in 2022-23 out of a $14M total spend to commence the replacement of the police facility at Hervey Bay.