

Queensland State 2011-12 Budget Overview

14 June 2011

Budget in focus

The Queensland State Budget 2011-12 is the last State budget to be delivered by Treasurer the Hon. Andrew Fraser MP and the Bligh Government before the next Queensland election. Building on a *Strong, Green, Smart, Healthier, Fair* Queensland, the Budget delivers 140,000 jobs over the next two years, with a forecast to bring the Budget back to surplus in 2015-16.

Overall the budget is focused on the construction and tourism industry, with significant investments in both.

Economic Outlook

- **Queensland's Economy** is forecast to grow by 5% for 2011-12, and 5.25% the following year.
- **Business Investment** is expected to grow by 27.75% in 2011-12. This follows an estimated growth of 13% in 2010-11.
- **Employment** is forecast to rise to 3% in 2011-12 and 3.25% in 2012-13. This follows a rise from 2.5% in the 2010-11 period.
- **Unemployment Rate** is forecast to fall to 5.0% in 2011-12. This follows a fall from 5.75% to 5.5% during the 2010-11 period.

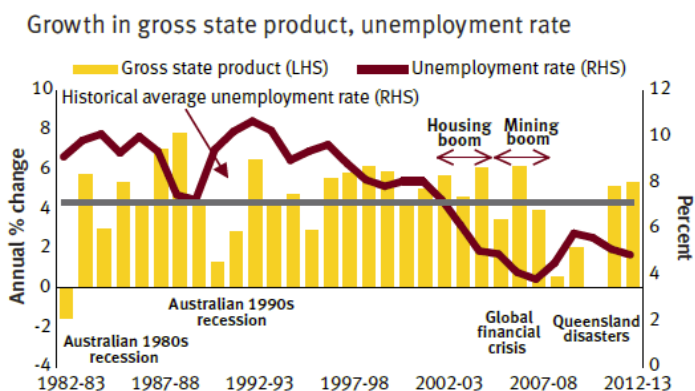
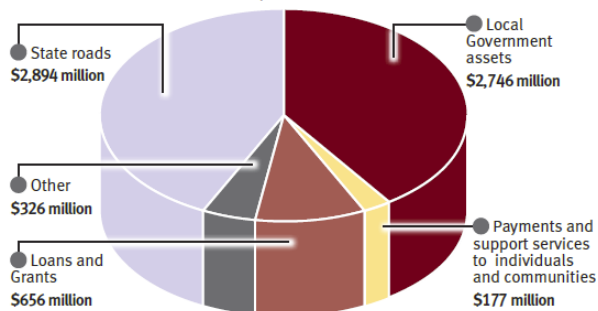


Image Source: Queensland State Budget 2011-12: At A Glance

2010-11 natural disasters to cost \$6.8 billion...

Estimated total NDRRA expenditure



...however 2015-16 surplus still on track

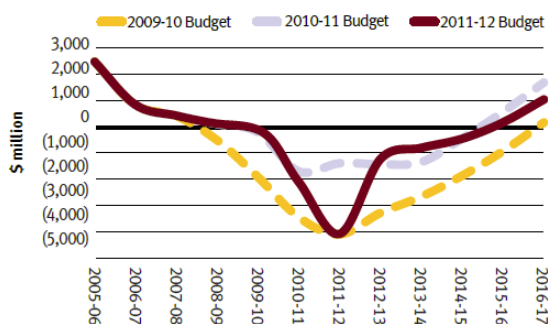


Image Source: Queensland State Budget 2011-12: At A Glance

Fiscal Outlook

The 2011-12 Budget forecasts a net **operating deficit of \$4.058 billion** for 2011-12.

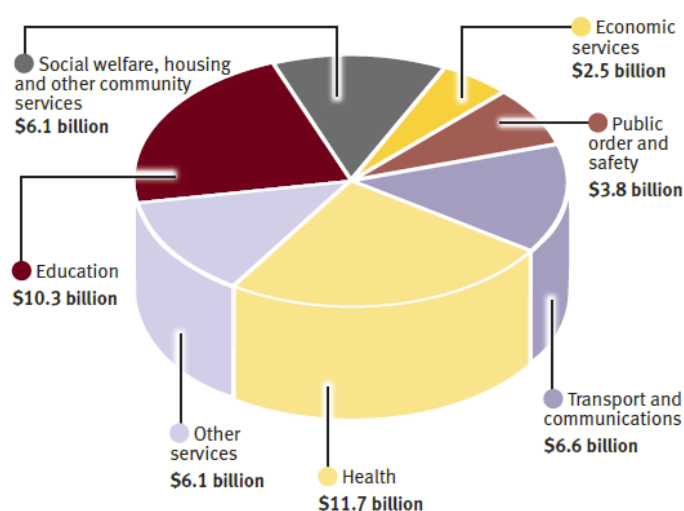
Debt for the 2011 financial year is \$17.5 billion less than estimated in the 2009-10 State Budget. The budget is expected to remain in deficit over the forward estimates, but is expected to return to surplus by 2015-16.

Queensland's **net worth** is budgeted to be \$177b by 30 June 2012.

The forecast level of borrowings in the Non-financial Public Sector at 30 June 2011 is estimated at \$52.8 billion, compared to \$62.8 billion at the time of the 2010-11 Budget.

Key Areas of Spending and Savings

Image Source: Queensland State Budget 2011-12: At A Glance



To address the cost of living the budget:

- Abolition of the Community Ambulance Cover levy from 1 July 2011, costing \$700 million in revenue over four years.
- Increased pensioner subsidies for local government rates and electricity.
- Provided direction to electricity distributors not to pass on increases in costs associated with natural disasters or additional revenues approved by the Australian Competition Tribunal.

Tourism

- Increased funding of \$85.8 million over five years to Events Queensland Pty Ltd to attract and support a range of major events of economic benefit to Queensland

Building Boost

- \$140 million Queensland Building Boost program.
- \$10,000 Grant to any Queenslanders buying a newly constructed home or signing a contract to build a new home between 1 August 2011 and 31 January 2012.
- Zero stamp duty for properties under \$500,000.
- Boost added to existing \$7,000 New Home Owners Grant

Other State Budget Building Revival Initiatives include

- \$44,000 to investigate self-certification of certain operational works to streamline approval processes and reduce cost and time impacts on building

- \$60,000 to examine the feasibility of establishing development appeal tribunals to hear and decide non-complex development application matters, as an alternative to court process
- \$44,000 to establish a clear definition and support the delivery of mixed lot sizes in planning schemes to improve consistency in decision making across local government areas and to facilitate delivery of diverse and affordable housing products
- \$120,000 to review the Sustainable Planning Act (2009) implementation progress to identify benefits achieved and any barriers and impediment which need to be addressed
- \$110,000 to identify opportunities to further improve development assessment approval timeframes, in cooperation with local governments, by building on the learnings of the ULDA

Housing

- \$93 Million over five years into the National Rental Affordability Scheme.
- A capital program of \$581 million focused on delivering additional social housing as well as improving existing dwellings to continue to meet the needs of social housing clients.
- This major investment in capital works includes funding of \$60 million from the Queensland Future Growth Fund and \$298 million from National Partnership Agreements with the Australian Government including the Nation Building and Jobs Plan, Social Housing, Homelessness and Remote Indigenous Housing.
- In 2011-12, the value of the social housing portfolio is expected to reach in excess of \$15 billion.

Health

- The total Health budget is \$11 billion with;
- A total of \$1.297 billion will be invested in hospital projects.
- \$723.6 million to continue development of three new tertiary hospitals – the Gold Coast University Hospital, the Queensland Children's Hospital and the Sunshine Coast University Hospital. A total investment of \$5.197 billion has been committed to establish these new hospitals;
- \$7.3 million to ensure the new Queensland Children's Hospital is supported by a world class academic and research centre;
- \$245.8 million to continue redevelopments at Cairns, Mackay, Mount Isa, Rockhampton and Townsville Hospitals. These projects represent a total investment of \$1.403 billion
- \$47.4 million to continue upgrades at emergency departments including Logan, QEII, Toowoomba, Caboolture, Ipswich and Redland Hospitals under the \$146.5 million Faster Emergency Care in our Hospitals initiative.
- \$30 million for enhancements to mental health services under the Queensland Plan for Mental Health (2007-2017) at an estimated total cost of \$148.4 million.

Transport and Main Roads

- The total roads budget is \$3.6 billion with;
- \$882.7 million for capital recovery and reconstruction works on the road network following the natural disaster events throughout the State.
- Of this amount, \$450.2 million in capital reconstruction works is solely a result of events from November 2010 onwards.
- \$175.3 million to continue the construction of the Gold Coast Rapid Transit System, a light rail project from Southport to Broadbeach, at a total estimated cost of \$1.195 billion, which is Australian, State and Local Government funded and will be delivered as a public private partnership
- \$159.7 million to continue the upgrade of the Pacific Motorway between Springwood South and Daisy Hill which is Australian and State Government funded
- \$93.7 million to complete the construction of the Northern Busway between Enoggera Creek and Kedron, extending the existing busway from the Royal Brisbane Women's Hospital to Sadlier Street, Kedron
- A total of \$220 million on upgrades to the Bruce Highway, including; \$47.9 million to

complete the widening of the Douglas Arterial to four lanes on the Bruce Highway (Townsville Ring Road), \$25 million to continue the Cardwell Range realignment on the Bruce Highway between Ingham and Innisfail and \$147.9 million to continue upgrading the Bruce Highway (Cooroy to Curra) from Sankeys Road to Traveston Road.

Education

- The education capital works budget in 2011-12 will total \$323.2 million (including an expensed component of \$37 million), while the training capital works budget will total \$97.6 million (including \$8 million expensed) and \$109.9 million (including \$7.1 million expensed) in capital works for early childhood education.
- The Queensland Skills Plan included a six-year infrastructure program worth over \$350 million. Under this plan, in 2011-12, \$94.1 million will be invested in major facilities for trade and technician skills and for the redevelopment of TAFE campuses generally.
- \$7.5 million to commence preparations to introduce Year 7 as the first year of secondary schooling from 2015, under the Flying Start Initiative.
- \$75 million to continue the construction of kindergartens.
- \$24.3 million to continue construction of children and family centres.

Regions

- Over 58% of expenditure will occur outside the Brisbane Statistical Division.