

State Budget 2010–11

Budget Highlights

2010–11 State Budget Papers

1. Budget Speech
2. Budget Strategy and Outlook
3. Capital Statement
4. Budget Measures
5. Service Delivery Statements

Budget Highlights

This suite of Budget Papers is similar to that published in 2009–10.

The Budget Papers are available online at www.budget.qld.gov.au. They can be purchased through the Queensland Government Bookshop – individually or as a set – by phoning 1800 801 123 or at www.bookshop.qld.gov.au

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State Budget 2010–11

Budget Highlights

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2010–11 Queensland State Budget Highlights

4 Building the economic recovery

A year on from the worst of the global financial crisis, Australia and Queensland have performed better than expected as a result of strong commodity demand from China and substantial domestic fiscal and monetary policy stimulus.

After slowing to 1.4% in 2008–09, economic growth in Queensland is expected to strengthen to 3¾% in 2010–11.

The year-average unemployment rate is expected to decline from its estimated peak of 5¾% in 2009–10 to 5¼% by 2011–12.

However, the recovery cannot be taken for granted. This Budget presents a \$17.1 billion capital works program and other initiatives to help ensure jobs growth is sustained.

5 Restoring our finances

As the economy has picked up, so too have Government revenues begun to strengthen. Fiscal discipline will contain spending growth so that the forecast operating deficit of \$1.7 billion in 2010–11 will moderate to \$1.4 billion by 2013–14.

This places the State further along the path back to surplus than previously forecast, with a surplus now anticipated in 2015–16 – a year earlier than expected in the 2009–10 Budget.

6 Responding to disasters

The better-than-expected economic times contrast starkly with the fires, floods, high winds and oil spills that have plagued Queensland over the past 12 months. These have taken their toll on our communities and the environment, with Queenslanders showing remarkable stoicism and support for those left vulnerable.

But these disasters have also taken a toll on State finances, which will continue to be felt over coming years.

8 Realising our ambitions

Despite the fiscal challenge, the Government remains committed to its *Toward Q2: Tomorrow's Queensland* vision. The 2010–11 Budget delivers a service delivery agenda that will help realise Queensland's ambition to be Strong, Green, Smart, Healthy and Fair.



Green

- Implement the Queensland waste reform agenda
- \$115 million for a package of solar initiatives
- A Koala Response Strategy for South East Queensland
- Acquire and manage protected areas
- Complete the Ecosciences Precinct at Boggo Road

Photograph by Michael Meinster

A year ago, the 2009–10 State Budget was framed during the most severe global financial crisis since the 1930s. Australia and Queensland stood at risk of becoming enveloped in the severe economic downturn afflicting nations the world over.

The Queensland Government responded strongly, stimulating the State economy with its record capital works program and job-creating initiatives, and putting the State Budget back on the path to surplus.

7



Photograph by Rob Parsons

Strong

- \$17.1 billion capital works program to support 106,000 jobs
- Working with the resources industry for future economic prosperity
- New Queensland Skills Commission to drive training and skills reform



Smart

- Open five new schools and bring forward delivery of 40 kindergarten services originally scheduled for 2013 and 2014
- 316 additional teachers and teacher aides
- \$25.8 million to boost literacy and numeracy and \$19.5 million for science teaching
- \$500 million for vocational education and training, including apprenticeships and traineeships

Healthy

- Record \$1.6 billion building program for new hospitals and redevelopments
- An additional 720 nurses, 180 doctors and 300 allied health professionals
- Enhanced funding for cochlear implants for children
- Enhanced regional cancer services



Photograph by Michael Marston

Fair

- Reducing the risk of children entering the child protection system
- Cut to CTP insurance on car registration
- Increased electricity rebates for seniors
- Three new fire stations and six new ambulance stations
- 75 additional ambulance officers and 203 additional police positions

9

An economic strategy for recovery

The Government's economic strategy builds on its jobs strategy to position the State to face this century's challenges, including population growth and ageing.

The Government's economic strategy has four key elements:

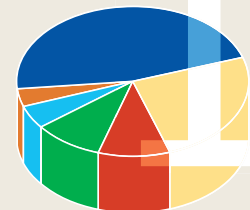
- boosting productive capacity
- creating the industries of the future
- managing population growth
- strengthening fiscal capacity.

The State Government is investing today to ensure prosperity is secured for the current and future generations of Queenslanders.

4

Key Budget information

- Financial Summary
- Economic Summary



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Photograph by Michael Marston ePixel Images

Building the economic

Queensland economy to improve in 2009–10

The global financial crisis slowed Queensland's gross state product growth in 2008–09 to its lowest rate since 1990–91.

While the world economy experienced the most severe and synchronised recession since the Great Depression, the State economy grew by 1.4% in 2008–09.

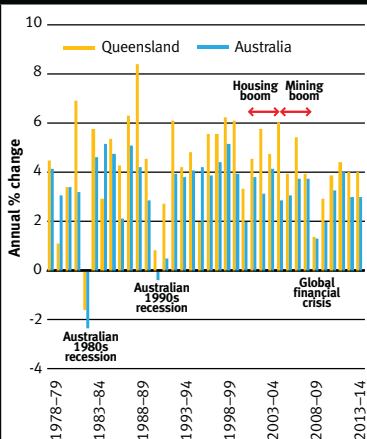
With the global economy resuming growth, Queensland's economic growth is forecast to improve to 3% in 2009–10.

Export growth is estimated to reach 6¾% in 2009–10, largely due to a boost to coal exports from resilient demand in China.

The State's significant capital works program, combined with federal infrastructure initiatives, is also supporting the economy.

Public final demand is estimated to contribute 1½ percentage points to overall economic growth in 2009–10.

Queensland's economic growth to accelerate¹



1. CVM, 2007–08 reference year. 2009–10 is an estimated actual, 2010–11 and 2011–12 are forecasts, 2012–13 and 2013–14 are projections.

Sources: ABS 5206.0, Australian Government 2010–11 Budget and Queensland Treasury.

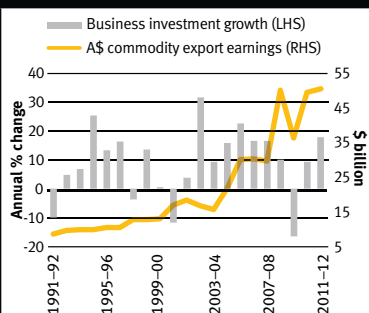
Economic growth to strengthen further in 2010–11 as private demand recovers

Dwelling construction is forecast to increase in 2010–11, as rising house prices spur investor activity.

Private consumption is likely to experience lower than average growth due to higher interest rates and household indebtedness.

After declining in 2009–10, business investment is forecast to turn around in 2010–11, reflecting further expansions in resource sector capacity in response to strong global demand.

Business investment¹ and commodity export earnings² to recover



1. CVM, 2007–08 reference year. 2009–10 is an estimated actual, 2010–11 and 2011–12 are forecasts. Adjusted for second-hand asset sales between the private and public sectors.

2. Current prices, 2009–10 is an estimate, 2010–11 and 2011–12 are forecasts.

Sources: ABS unpublished trade data and Queensland Treasury.

Growth in the State economy to return to its long-run average but not until 2011–12

Economic growth is forecast to accelerate to 4½% in 2011–12, reflecting a more broad-based recovery in private investment down the track.

Improved credit conditions are anticipated to support a recovery in commercial property and medium-to-high density residential construction.

Commodity export earnings are also forecast to return to previous levels, as world commodity prices stay relatively high and domestic capacity expansions support further growth in export volumes.

Unemployment rate to fall as economy gathers strength

Reflecting weaker private sector demand, the year-average unemployment rate is estimated to rise to 5¾% in 2009–10.

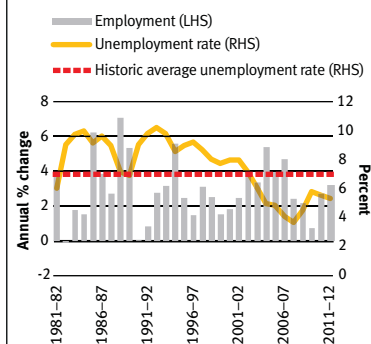
However, this would represent a peak well below previous downturns and an unemployment rate below the historic average.

In line with the strengthening in economic growth, jobs growth is forecast to accelerate from ¾% in 2009–10 to 2¾% in 2010–11 and 3¼% in 2011–12.

While the participation rate is forecast to reach a new high of 67¾% in 2011–12, jobs growth is expected to outstrip labour force growth in 2010–11 and 2011–12.

As a result, the year-average unemployment rate is forecast to fall to 5¼% by 2011–12.

Unemployment rate peaks well below that of previous downturns¹



1. Year average, 2009–10 is an estimated actual, 2010–11 and 2011–12 are forecasts.

Sources: ABS 6202.0 and Queensland Treasury.

recovery restoring our finances

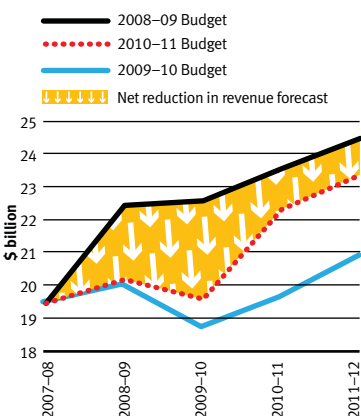
The global financial crisis continues to take its toll on Government revenues

Improved economic conditions have resulted in growth in expected royalty and GST revenue. However, overall revenues continue to be impacted by the global financial crisis and are expected to remain significantly below the level forecast in the 2008–09 Budget.

The Government is maintaining strong spending discipline, with the 2010–11 Budget focussed on building the foundations for a strong economic recovery and allowing revenue growth to flow through to the bottom line.

The Government is committed to its fiscal strategy, which has established a path for restoring Queensland's traditionally strong financial position, while maintaining services and delivering its commitments to Queensland communities.

Global financial crisis takes toll on Government revenues*



* Total revenue estimates for taxation, GST and royalties

Source: Queensland Treasury.

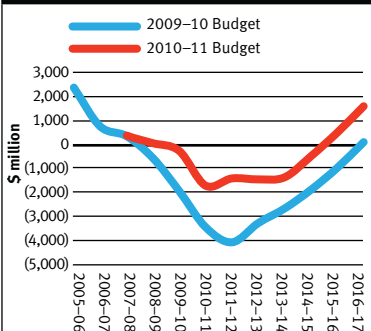
But the Government is on track to deliver a surplus earlier than expected

Revenue improvements have contributed to Queensland's better-than-expected operating position.

However, with revenues not fully recovered and the need to maintain the commitment to service delivery, jobs and the capital program, operating deficits are expected for the next few years.

The State is now expected to return to surplus at least a year earlier than expected in last year's Budget.

Operating surplus to be delivered a year earlier*



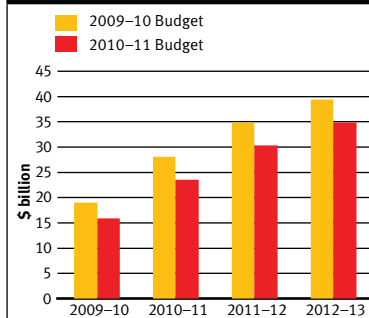
* General Government sector

Source: Queensland Treasury.

Forecast debt levels have fallen

The Government's forecast borrowing requirements have reduced significantly. However, the Government anticipates further increases in borrowings due to its significant capital works program across the forward estimates.

Forecast borrowing levels lower in 2010-11 Budget*



* General Government sector

Source: Queensland Treasury.

Within this context, the Government is committed to the assets sale program, and its importance to protecting the State's capacity to deliver additional infrastructure in key areas such as health, education and roads.

The sale program will deliver an estimated \$15 billion in sale proceeds to pay down debt and strengthen the balance sheet further.

Responding to disasters

2009–10 saw Queensland communities suffer the wrath of Mother Nature at her most ferocious with fires, floods and high winds devastating homes, property and stock. An oil spill also wreaked havoc on the Great Barrier Reef.



Fires

October 2009 saw the biggest fire fighting effort in Queensland's history. Although the efforts of firefighters in Central Queensland saved hundreds of homes, the devastation of property and infrastructure losses was still enormous. The Queensland Government activated disaster relief funding assistance in 18 local government areas in the central, north coast, northern, south east and south west regions of the State, at a total cost of \$17 million.

Floods

Heavy rainfall from December 2009 to March 2010 caused immense damage to communities across the State. The arrival of Tropical Cyclone Ului in March 2010 was also concerning for coastal communities, although damage was limited. Relief and restoration work to respond to the damage caused by these flood events is expected to cost around \$900 million over this and coming years.



The *Shen Neng 1* oil spill

In April this year, the bulk-carrier *Shen Neng 1* ran aground while on voyage from Gladstone to China. The Government responded by activating the National Marine Oil Spill Contingency Plan and establishing incident control rooms in Brisbane and Gladstone. The eventual cost to the Government for the clean-up of the spill will depend on negotiations between the Government and vessel owners.



All photography on this page (except the *Shen Neng 1*) has been provided by the Queensland Department of Community Safety. Photography by Michael Marston

Strong

Delivering jobs through a strong economy

The Government will drive economic and jobs growth through innovative programs, government-industry collaboration and a \$17.1 billion capital works program in 2010–11 that will support 106,000 jobs.



\$17.1 billion capital works program to support 106,000 jobs

Working with the resources industry for future economic prosperity

New Queensland Skills Commission to drive training and skills reform

Programs to promote innovation, competitiveness and productivity

For more information, read Service Delivery Statements: Book 2, Budget Paper 3 – Capital Statement, Budget Paper 4 – Budget Measures
www.budget.qld.gov.au

Supporting Queensland businesses

During 2010–11, the Government will continue to support Queensland businesses through programs to promote innovation, competitiveness and productivity.

The new Queensland Skills Commission, an industry-led authority, will drive training and skills reform to support industry investment and align training programs with real skills and jobs.

The Government will also invest:

- \$33.3 million through the Innovation Building Fund for key research infrastructure
- \$6.5 million through the Smart Futures Fund for university research organisations
- \$7.5 million over four years to support economic development projects across six regions through the Queensland Regional Development initiative.

Better transport infrastructure

In 2010–11, the Government will invest \$7.3 billion in transport infrastructure to meet the needs of Queensland's growing population and economy, including:

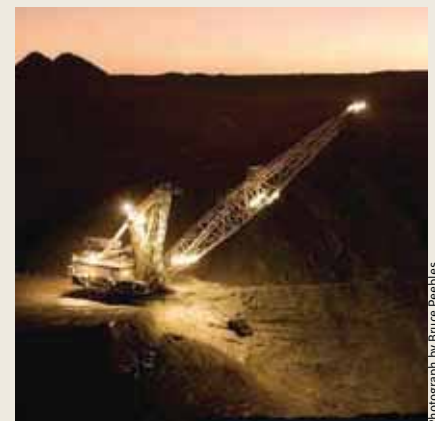
- \$219 million for the \$948.7 million Gold Coast Rapid Transit System – a light rail project from Parkwood to Broadbeach
- bringing forward the Springfield rail line by two years
- \$288 million for the \$613 million upgrade of the Bruce Highway between Cooroy and Curra in partnership with the Australian Government
- \$446.4 million to upgrade infrastructure and rollingstock on the Citytrain network
- \$197 million to continue construction on the \$734.7 million Northern Busway between Enoggera Creek and Kedron
- \$48.5 million to progress the \$110 million widening of the Douglas Arterial on the Bruce Highway (Townsville Ring Road).

Working with the resources industry

In 2010–11, the Government will make tangible its recognition of the resources industry as an important driver of future economic prosperity in Queensland by:

- working with LNG proponents to individually case manage major projects
- \$18 million exploration program to develop major new resource provinces
- streamlining mining and petroleum tenure approval and regulatory processes

Government-owned corporations are also driving significant projects to support the industry, including the Goonyella-Abbot Point Expansion rail project, the Abbot Point Coal Terminal expansions and the Wiggins Island Coal Export Terminal.



Photograph by Bruce Peebles

Green

Delivering a cleaner, more sustainable future

The Government is committed to supporting renewable energy and the environment in the 2010–11 Budget with a suite of measures to promote sustainable resource use and protect Queensland's natural values.

The Government is supporting renewable energy with \$115 million over five years from 2009–10 for a package of solar initiatives that aims to increase support for solar energy, create green jobs, drive community participation in solar programs and encourage investment in solar technologies. Initiatives include:

- the installation of solar photovoltaic systems at kindergartens
- a Solar Hot Water Rebate Scheme
- funding to CS Energy for carbon-reducing technologies at the Kogan Creek Power Station.

Funding of \$45.5 million over five years from 2010–11 has also been committed for the Queensland Government's

Koala Response Strategy to halt the serious decline of koala populations and increase koala habitat in South East Queensland.

The Government will continue to support the expansion of protected areas through the following measures:



Photograph by Michael Manston

- \$55.9 million over five years from 2010–11 to acquire and manage new national parks, and other related programs
- \$15 million over five years for the Nature Assist program, which offers financial incentives to landholders for their conservation-focused management.

Funding of \$3.5 million over three years will support the Government's work to complete a declaration for an area of international conservation significance and World Heritage nomination for Cape York Peninsula.

The Ecosciences Precinct at Boggo Road, a joint investment by the Queensland Government and CSIRO, will be fully operational in 2010–11. It will house some of Australia's leading scientists working on environmental challenges such as climate change, as well as finding sustainable ways to grow the agriculture, forestry, mining and marine industries.



Implement the Queensland waste reform agenda

\$115 million for a package of solar initiatives

A Koala Response Strategy for South East Queensland

Acquire and manage protected areas

Complete the Ecosciences Precinct at Boggo Road

Waste reform agenda – promoting resource efficiency and recovery

The Queensland Government is providing funding of \$15.9 million in 2010–11 to implement the new Queensland waste reform agenda. The agenda will include an industrial levy designed to create a price signal to encourage recycling and avoid sending waste to landfill.

The largest portion of funds raised by the levy (totalling about \$380 million over four years) will be reinvested in helping the transition to better waste practices in partnership with councils.

After meeting these needs, revenue will be applied to environmental initiatives.

The Government is giving improved waste disposal and the environment a level of funding they have never received before and a dedicated revenue stream.

For more information, read Service Delivery Statements:
Book 3 – Department of Environment and Resource Management, Budget Paper 3 – Capital Statement, Budget Paper 4 – Budget Measures
www.budget.qld.gov.au

Smart

Improving educational outcomes

The Government is committed to improved educational outcomes through better services, programs and facilities, while working with the community and industry to deliver ongoing reform.



Open five new schools and bring forward delivery of 40 kindergarten services originally scheduled for 2013 and 2014

316 additional teachers and teacher aides

\$25.8 million to boost literacy and numeracy and \$19.5 million for science teaching

\$500 million for vocational education and training, including apprenticeships and traineeships

For more information, read Service Delivery Statements: Book 3 – Department of Education and Training, Budget Paper 3 – Capital Statement, Budget Paper 4 – Budget Measures
www.budget.qld.gov.au

Early childhood education

In 2010–11, the Government will:

- open 12 kindergarten services as part of its commitment to establish up to 240 extra kindergarten services by 2014
- accelerate planning and delivery of 40 kindergarten services originally scheduled for 2013 and 2014, to open a total of 86 services in 2012
- provide \$35.4 million to establish purpose-built early childhood facilities in areas such as Cairns, Beaudesert and Acacia Ridge.

Schools

In 2010–11, the Government will:

- provide \$25.8 million to boost literacy and numeracy skills through intensive teaching, summer schools, literacy and numeracy coaches, and professional development for teachers
- provide \$19.5 million for science teaching through the Science Spark program
- open five schools in high-growth areas – two at Springfield and three under public-private partnership projects in the wider Bellbird Park area, Collingwood Park and East Coomera

- invest \$207 million to complete the State Schools of Tomorrow program for new and renewed facilities
- employ 316 additional teachers and teacher aides (full-time equivalent).

Community feedback on the discussion paper, *A Flying Start for Queensland Children*, will guide the development in 2010–11 of future reforms.

Training

The creation of an industry-led Queensland Skills Commission will drive training investment and skills reform, with the Government providing:

- more than \$500 million for vocational education and training, including apprenticeships and traineeships, through TAFE institutes, the Australian Agricultural College Corporation and private registered training organisations
- \$133.3 million for training infrastructure to improve and develop trade training facilities in Mackay, Cairns and South Brisbane, and refurbish the Bundamba and Nambour TAFE campuses.

Partnership to build first-rate school facilities

The Queensland Government is partnering with the Australian Government to deliver building projects in State schools in the final year of the Building the Education Revolution program.

In 2010–11:

- \$703 million will be invested in infrastructure in more than 1,200 State primary, secondary and special schools throughout Queensland
- facilities, including resource centres and multipurpose halls, will be provided in 1,080 State primary, special and P10-12 schools
- 94 science and language centres in State secondary schools are expected to be completed.



Healthy

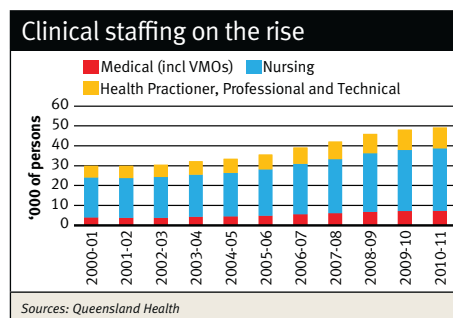
Improving health outcomes

In 2010–11, the Government's health operating budget will grow to \$10 billion, while its capital program will see \$1.6 billion invested in new hospitals and redevelopments.

- \$39.1 million over four years to pilot the State-wide Persistent Pain Health Services Strategy 2010–15, with four pilot sites to commence over two years from 2010–11 at the Gold Coast, Princess Alexandra and Nambour hospitals and The Townsville Hospital.
- \$16.5 million over four years to enhance hearing services for children by increasing the number of cochlear implants and access to follow-up therapy
- completion of significant hospital expansion and upgrade projects, including:
 - upgrading the emergency department and intensive care unit at Robina Hospital
 - additional bed capacity at Cairns Hospital Emergency Department
 - more than 140 beds and a new emergency department at The Prince Charles Hospital
 - a new birthing centre at Toowoomba Hospital
- \$31.2 million over four years for increased support to the Queensland Institute of Medical Research

- \$137.7 million over four years, including funding through the National Health Hospital Network package, for clinical services at Nambour General Hospital and Caloundra Hospital emergency department in advance of the new Sunshine Coast University Hospital.

The Queensland health system in 2010–11 will be strengthened with an additional 720 nurses, 180 doctors and 300 allied health professionals.



The Government will apply Australian Government funding of \$741.9 million over four years to tackle key pressure points in Queensland's health system.



Photograph by Michael Marston

Record \$1.6 billion building program for new hospitals and redevelopments

An additional 720 nurses, 180 doctors and 300 allied health professionals

Enhanced funding for cochlear implants for children

Enhanced regional cancer services

Enhanced cancer services for regional Queensland

The Queensland and Australian Governments will invest \$179.3 million over four years to construct and upgrade cancer centres, with the State providing an additional \$194.5 million over four years to operate these facilities. Funding will enable enhancements to:

- cancer services in North Queensland at Townsville, and Mount Isa in the State's west
- medical oncology services for southern Queensland based at Toowoomba with outreach services provided by Princess Alexandra Hospital
- regional cancer services at Bundaberg, Hervey Bay and Rockhampton with outreach services to be provided by the Royal Brisbane and Women's Hospital.



Photograph by WWWVIEWFINDER.COM.AU

For more information, read Service Delivery Statements: Book 3 – Department of Health, Budget Paper 3 – Capital Statement, Budget Paper 4 – Budget Measures
www.budget.qld.gov.au

Fair

Achieving a fairer, safer community

The Government is committed to investing in a range of social and emergency services and preventative measures to make our communities fairer and our neighbourhoods safer for all.



Photograph by James Iero

Reducing the risk of children entering the child protection system

Cut to CTP insurance on car registration

Increased electricity rebates for seniors

Three new fire stations and six new ambulance stations

75 additional ambulance officers and 203 additional police positions

For more information, read Service Delivery Statements: Book 1 – Department of Community Safety, Department of Police; Book 2 – Department of Employment, Economic Development and Innovation; and Book 3 – Department of Communities; Budget Paper 3 – Capital Statement; Budget Paper 4 – Budget Measures

www.budget.qld.gov.au

A fairer community

In 2010–11, the Government will continue to support people with a disability by investing:

- \$3.2 million, increasing to \$8.2 million from 2011–12, in the Spinal Cord Injury Response initiative to help people with a spinal cord injury leave hospital and live in the community
- \$2.9 million, increasing to \$3.4 million from 2011–12, to assist more families with children with a disability to care for them at home
- \$1 million, increasing to \$1.7 million from 2011–12, for the Community Living initiative to support people with a disability to live independently in their communities
- \$4.4 million, increasing to \$5.7 million from 2011–12, to help young people with a disability leaving school or the child protection system
- \$1 million to establish services in Mackay and Bundaberg to help children with Autism Spectrum Disorder improve their social and educational development.

To moderate the impact of rising costs, the Government will:

- increase the electricity rebate for seniors by over 13%
- reform the State's CTP insurance scheme to save motorists \$24 a year.

A safer community

In 2010–11, the Government will continue to invest in improved emergency services through:

- new fire stations at Ripley and Brassall to replace the existing Ipswich fire station, and the completion of the new Agnes Water fire station
- six new ambulance stations at Ashgrove/The Gap, Coomera, Ningi, Pinjarra Hills, Springfield and North Lakes, and 75 additional ambulance officers
- \$5.2 million over four years to implement the telephone-based emergency warning system, Emergency Alert, in Queensland.

Queensland's police service will also be strengthened through:

- 203 additional police positions as part of a three-year commitment to deliver 600 new police positions
- \$50 million to commence the new \$452 million police academy at Wacol.

Preventative measures to protect our children

The Government will invest \$10 million in 2010–11, increasing to \$15 million from 2011–12, to implement a prevention and early intervention initiative Helping Out Families. This initiative will increase the Government's focus on providing adequate support to children and their families at an early stage to reduce the risk of children entering the care of the State.

Helping Out Families will be rolled out in Logan, Beenleigh/Eagleby and the Gold Coast. These locations will provide family support services and domestic and family violence services. An at-home health visiting service for all families with children aged under four years will also be provided in these locations.



Photograph by Michael Mastron

Delivering for the regions

The \$17.1 billion capital program and other initiatives in the 2010–11 Budget will deliver better services and jobs to communities throughout Queensland.

1

Far North Queensland

- Work on the Cairns Cultural Precinct and land contribution
- Build new bridges and approaches on the Peninsula Developmental Road at Carols Crossing and Ruth Creek, and seal the final section between Lakeland and Laura.
- Complete replacement ambulance stations at Ravenshoe and Gordonvale.
- Relocation of Tagai State College, Mer Campus.
- Build pre-prep facilities at Tagai State College, Mer Campus and at Pormpuraaw State School.
- Redevelop the Cairns Base Hospital, with staged completion between 2010 and 2014.
- Complete Cairns Central Community Health Centre.

2

North Queensland

- Continue to expand The Townsville Hospital, due to open from 2011.
- Advance the Douglas Arterial duplication on Townsville Ring Road.
- Build a new Queensland Police Service district support facility in Townsville.
- Build a dedicated marine facility at the Port of Townsville.
- Upgrade the Burdekin River Bridge on the Bruce Highway.
- Redevelop the Barrier Reef Institute of TAFE, Townsville campus.
- Build dental clinical teaching facilities at the James Cook University campuses in Cairns and Townsville.

3

Mackay – Whitsunday

- Continue redevelopment of the Mackay Base Hospital, on track to open in 2013.
- Enhance show facilities at the Mackay Showgrounds.
- Provide new services for children with autism in Mackay.
- Recruit an additional 10 operational firefighting personnel for a specialist emergency vehicle in Mackay.
- Progress Trade Training Centre at the Central Queensland Institute of TAFE.
- Build new double-unit kindergarten at Eimeo Road State School.
- Upgrade Whitsunday Coast Airport.
- Upgrade the Mackay Police Station.
- Complete Forgan Bridge duplication over the Pioneer River in Mackay.

4

Fitzroy

- Build swimming facility as part of the Rockhampton Riverbank Redevelopment Stage Two
- Replace the ambulance station at Gladstone.
- Relocate and upgrade the Emerald fire and rescue station.
- Complete an early learning and care centre at Clinton State School.
- Continue to expand Rockhampton Hospital.
- Redevelop the Gladstone Community, Mental and Oral Health Consolidation on the Gladstone Hospital campus.
- Continue to upgrade the Calliope Police Station.
- Build the Calliope Range deviation on the Dawson Highway between Gladstone and Biloela.

5

Wide Bay-Burnett

- Complete Bundaberg Hospital upgrade by mid-2011.
- Develop new integrated cancer services at the Hervey Bay Hospital.
- Replace ambulance stations at Biggenden and Gayndah.
- Build the new fire and rescue station at Agnes Water.
- Replace the fire and rescue station at Cherbourg.
- Complete the upgrade of science laboratories at Bundaberg North State High School and Maryborough State High School.
- Upgrade the Bruce Highway between Cooroy and Curra.

6

Darling Downs and West Moreton

- Provide a new integrated cancer service and faster emergency care at the Toowoomba Hospital.
- Upgrade the Toowoomba Aerodrome.
- Complete the replacement fire and rescue station at Kitchener Street, Toowoomba.
- Complete the upgrade of science laboratories at Dalby State High School.
- Improve the intersection of Gatton-Esk Road between the Warrego Highway and the former Esk Shire boundary.
- Widen and seal a section of the New England Highway, south of Crows Nest.
- Refurbish the Dalby Aquatic Centre.

7

Western Queensland

- Build a two-lane sealed standard on Kennedy Developmental Road between Hughenden and Winton.
- Upgrade, widen and seal a section of the Camarvon Highway between Injune and Rolleston.
- Upgrade the Mount Isa rail line.
- Continue improvements to Mount Isa Hospital.
- Build a new aged-care annexe attached to the Cloncurry Hospital.
- Replace the ambulance stations at Normanton and Winton.
- Complete the upgrade of science laboratories at the Junior Campus of Spinifex State College in Mount Isa.

8

Sunshine Coast

- Continue work on the new Sunshine Coast University Hospital, due to open with 450 beds in 2016 and expand to 738 beds by 2021.
- Enhance clinical services at Nambour and Caloundra hospitals.
- Upgrade the fire and rescue station at Noosa.
- Complete the repair and strengthening of a section of the Bruce Highway, south-east of Nambour.
- Upgrade the Citytrain network, including duplicating the track between Caboolture and Beerburrum.
- Complete the duplication of Steve Irwin Way between the Mooloolah Connection Road and Caloundra interchange.

9

Greater Brisbane

- Fast track the Springfield rail line and deliver two years earlier.
- Upgrade the Gateway Motorway between Mount Gravatt-Capalaba Road and Miles Platting Road.
- Commence or complete new ambulance stations at Ashgrove/The Gap, Springfield, North Lakes and Pinjarra Hills.
- New fire and rescue stations at Ripley and Brassall to replace the existing Ipswich fire station.
- Continue to expand the Ipswich Hospital.
- Complete the new Springfield State High School.
- Implement the Koala Response Strategy, including land acquisitions.

10

Gold Coast

- Deliver the Gold Coast Rapid Transit System from Parkwood to Broadbeach.
- Widen the Pacific Motorway between Nerang and Worongary.
- Continue to build the new Gold Coast University Hospital, due to open in 2012, and expand the Robina Hospital.
- Complete the Coomera Education Precinct at the Gold Coast Institute of TAFE.
- Complete the second stage of Ormeau Woods State High School.
- Continue to build the Wyaralong Dam and complete the raising of the Hinze Dam.
- Upgrade the Burleigh Heads Police Station.

Budget services and infrastructure initiatives



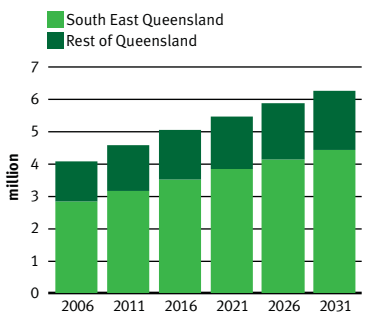
An economic strategy for recovery

Queensland's demographic challenges

Population growth

Over the decade to 2008–09, Queensland's population grew by around 900,000 and is projected to continue growing rapidly.

Projected population to 2030–31, South East* and rest of Queensland



* South East Queensland Planning Region

Source: Queensland's Future Population 2008 (medium series) and ABS 3201.0

This will place growing pressure on communities, infrastructure and the environment.

Population ageing

With the first of the baby boomer generation now reaching retirement age, the proportion of Queenslanders aged 65 and over is projected to rise from 13% currently to 20% by 2030–31.

Population ageing is expected to detract from growth in the labour force, flowing through to slower economic growth and Government revenue growth.

There will also be mounting fiscal pressures as health service use is strongly correlated with age.

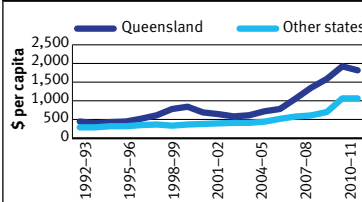
Boosting productive capacity

Economic growth relies on high quality human and physical capital, and an efficient regulatory regime.

Infrastructure

High levels of public investment allow infrastructure provision to anticipate growth. The Government is investing a massive \$17.1 billion in the 2010–11 capital works program.

General Government purchases of non-financial assets



Source: expenditure – ABS 5512.0, State Budgets (Qld, Vic, WA), and Mid Year Reviews (NSW, SA, Tas); population – ABS 3101.0 and Australian Government Budget Paper 3; and Queensland Treasury estimates

Human capital

The Government is committed to the skills, attitudes and capacities – the human capital – of Queenslanders being on par with the world's best.

The Government's strategy includes building on recent improved NAPLAN results with continued investment in literacy, numeracy and science programs, and delivery of universal access to kindergarten by 2014.

Regulatory efficiency

Under the *Queensland Regulatory Simplification Plan 2009–2013*, Government agencies are reviewing regulation and working with business to identify unnecessary and excessive legislative and administrative requirements.

Creating the industries of the future

The diffusion of new knowledge and technology, coupled with competitive pressures from globalisation and the need for environmental sustainability, presents not only challenges, but also opportunities.

Since the inception of the Smart State Strategy in 1998, the Queensland Government has been committed to capitalising on these new opportunities, including:

- progressing its plan to make Queensland a biotechnology leader in the Asia-Pacific region
- supporting Queensland's emerging liquefied natural gas (LNG) industry through its LNG Industry Unit.



The Government is also facilitating the development of new 'green' industries, such as solar and geothermal energy, and is increasing incentives for recycling and waste reduction.



Photograph by Ray

The economic strategy underlying last year's Budget focused on sustaining jobs in the face of the global financial crisis. This year the Budget builds on this jobs strategy to position the State for the challenges it will face in coming decades. A prominent challenge will be demographic change – both population growth and ageing.

The Queensland Government's economic strategy in response to these emerging challenges has four key elements:

- boosting productive capacity
- creating the industries of the future
- managing population growth
- strengthening fiscal capacity.

Managing population growth

The Queensland Growth Management Summit produced some 1,400 ideas for managing population growth in Queensland. Many of these ideas are already part of Government policy and planning, while others will drive further research and investigation.

In *Shaping Tomorrow's Queensland: A Response to the Queensland Growth Management Summit*, the Government has put forward an agenda of six priority areas, 22 new initiatives and 25 new supporting actions to address growth-related issues in Queensland.

These actions include:

- establishing Growth Management Queensland to deliver a focused and coordinated approach to growth management across Queensland
- developing a Queensland Regionalisation Strategy to encourage population and jobs growth outside South East Queensland
- developing a Townsville Futures Plan to support regional growth and economic development in Townsville
- establishing an expert Infrastructure Charges Taskforce to further reform development infrastructure charging arrangements
- reviewing the scope and powers of the Urban Land Development Authority to support the delivery of regional plans, with a key priority being the development of major new satellite communities at Ripley Valley, Yarrabilba and Flagstone

- developing employment projections within all regional plans to support more jobs closer to where people live
- investigating ways to deliver affordable housing options for people on lower-to-middle incomes
- working with the Australian Government to develop a National Population Strategy (that is then reflected in State policy).

To provide an immediate impetus for regionalisation, the Government is boosting the First Home Owner Grant to \$11,000 for new dwellings constructed outside South East Queensland.



Photograph by Ray Cash Photography

Strengthening fiscal capacity

The Queensland Government has undertaken important structural initiatives to strengthen the State's fiscal capacity to respond to current and future policy challenges.

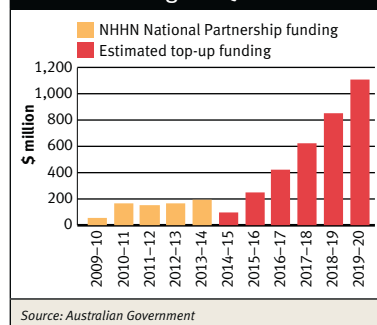
Health reforms

The Queensland Government supports the National Health and Hospital Network (NHHN) reforms.

Additional Commonwealth health funding from the reforms is projected at more than \$4 billion over the next 10 years.

This additional fiscal capacity will help to address the State's long-term challenges in health care.

Additional Australian Government health funding for Queensland



Keeping to our fiscal principles

The Government’s fiscal principles detail the Government’s plans to restore Queensland’s traditionally strong financial position, while maintaining services and continuing to deliver its commitments to Queensland communities.

The fiscal principles are broadly based around three themes:

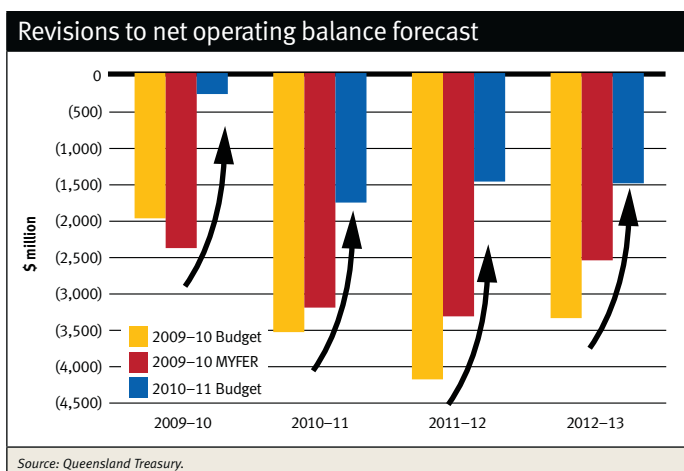
- fiscal sustainability
- a competitive tax regime
- managing Queensland’s balance sheet.

Fiscal sustainability

Principle	On track?	Progress
Meet all operating expenses (other than depreciation) from operating revenue in the General Government sector	✓	The State is forecast to meet this principle in 2009–10, the Budget year and all outyears
Growth in own-purpose expenses (excludes Australian Government related expenses) in the General Government sector will not exceed real per capita growth	✓	The State is expected to meet this principle in 2009–10 and on average across the forward estimates
Achieve a General Government net operating surplus as soon as possible, but not later than 2015–16	✓	Queensland is now on track to achieve a net operating surplus by 2015–16

The operating balance expected for 2010–11 is a deficit of \$1.745 billion compared to a deficit of \$3.142 billion forecast at the time of the 2009–10 Mid Year Fiscal and Economic Review.

As shown in the chart below, the forecast General Government sector operating balances have improved across the forward estimates, with the forecast deficits more than halved from the 2009–10 Budget forecasts.



Competitive tax regime

Principle	Lower tax per capita than the average of other states and territories	Low taxation effort (according to the Commonwealth Grants Commission)	Lower tax collections as a % of gross state product than the average of other states
Maintain a competitive tax environment for business	✓	✓	✓

The Government is committed to maintaining a low-cost environment for business to promote economic development and jobs growth. In 2010–11, taxation per capita in Queensland will be an estimated \$2,225, compared with an estimated \$2,643 for the average of the other states and territories.

2010-11 Budget taxation measures

The Government is committed to ongoing reform of the State tax system to make it fairer, simpler and more competitive. The 2010-11 Budget implements the following measures:

Regional First Home Owner Grant boost

The Government will provide additional funding of \$7.8 million in 2010-11 to introduce a \$4,000 boost to the First Home Owner Grant for people building or buying newly constructed homes outside South East Queensland. This incentive, to apply from 1 June 2010 until 30 June 2011, is designed to encourage overseas and interstate migrants, as well as the resident population, to settle in regional areas and will assist in managing Queensland's population growth.

Payroll tax rebate for apprentices and trainees

The wages of apprentices and trainees are exempt from payroll tax. In addition to this employment incentive, the Government has decided to extend the 25% payroll tax rebate on the wages of each apprentice and trainee employed until 30 June 2011. The rebate will be offset against the tax payable on the wages of other employees.

Land tax relief for supported accommodation providers

The Government will provide a land tax exemption for Level 3 supported accommodation facilities. A Level 3 facility is defined under the *Residential Services (Accreditation) Act 2002* and provides both accommodation and personal care support such as assistance with meals, hygiene and medication. The provision of the exemption aligns the land tax treatment to that applied to aged care facilities.

Transfer duty exemption for Special Disability Trusts

The Government has introduced an exemption from transfer duty on the acquisition of property used as the principal residence of a person with a disability under a Special Disability Trust, with the meaning given in the *Social Security Act 1991* (Commonwealth). The exemption is currently being provided under an administrative arrangement, pending legislative amendment.

First Home Owner Grant eligibility cap

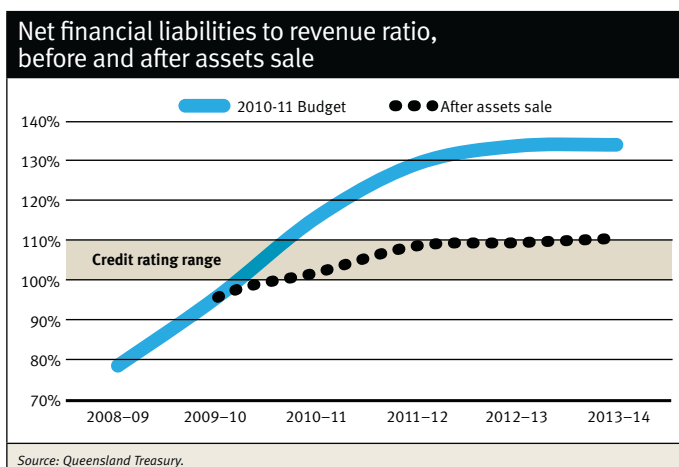
Eligibility for the First Home Owner Grant scheme has been restricted to homes valued at less than \$750,000 for all contracts entered into from 31 March 2010. This lowering of the cap from the previous \$1 million threshold provides greater targeting of the grant to first home buyers requiring assistance to enter the property market.

Managing the State's balance sheet

Principle	On track?	Progress
Stabilise net financial liabilities as a proportion of revenue in the non-financial public sector	✓	This ratio is expected to be 116% at the end of the 2010–11 financial year, which is lower than that forecast at the time of the <i>Mid Year Fiscal and Economic Review</i> . In the absence of the assets sale program, this ratio is projected to stabilise at around 130% by 2013–14
Target full funding of long-term liabilities such as superannuation in accordance with actuarial advice	✓	As at the last three-yearly actuarial review (released June 2008), accruing superannuation liabilities were fully funded

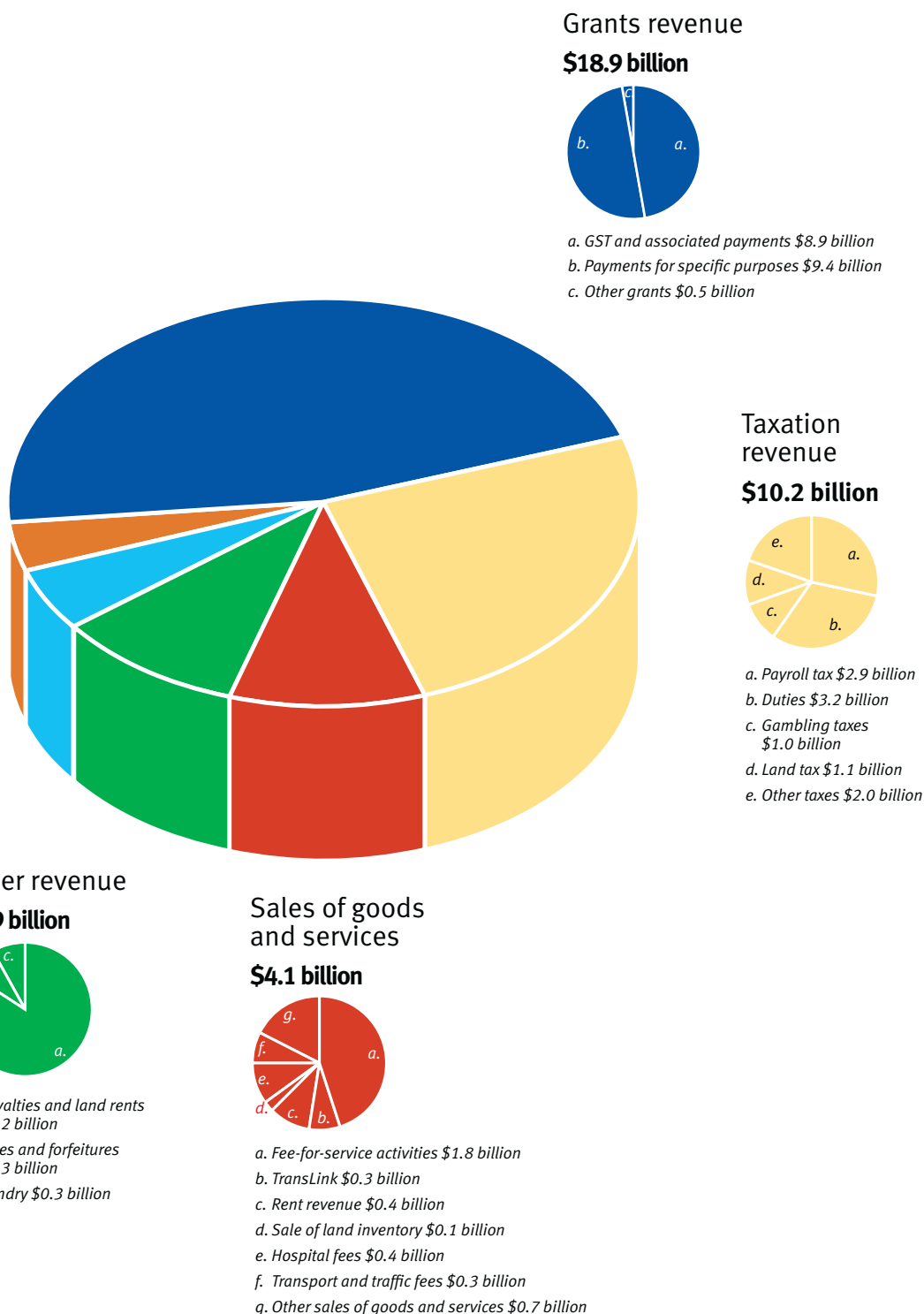
The assets sale program will limit the increase in net financial liabilities, with the ratio of net financial liabilities to revenue in the non-financial public sector expected to reach 110% in 2013–14. Ratings agencies have indicated that not exceeding the 100-110% range is one of the criteria required for a reassessment of the State's credit rating.

The following chart shows the overall favourable impact expected sale proceeds will have on one of the key credit rating ratios – net financial liabilities to revenue – after accounting for foregone revenue.



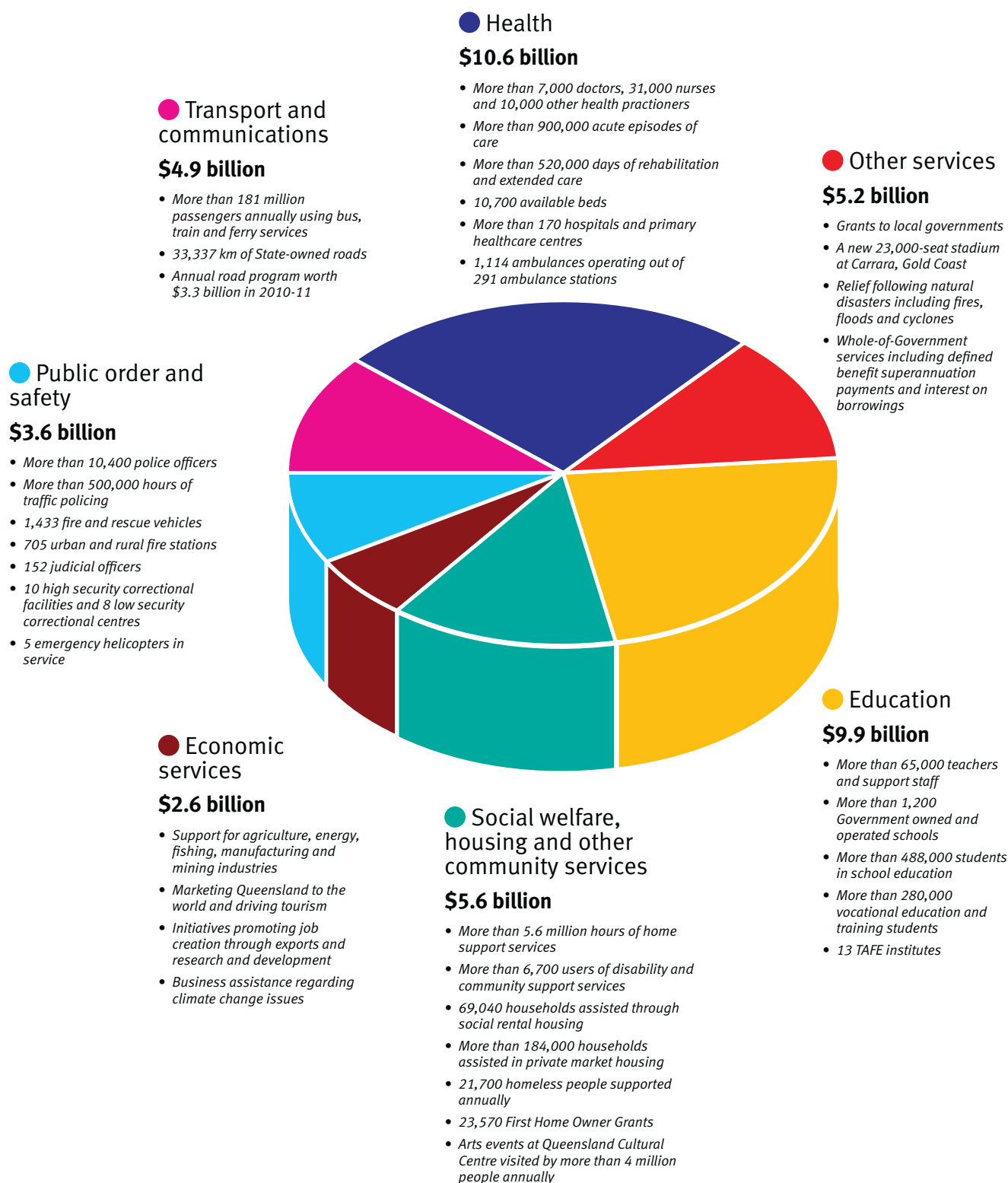
How is the money raised?

- Total General Government sector revenue is estimated to be \$40.606 billion in 2010–11.
- The increase of \$918 million (or 2.3%) on 2009–10 estimated actual revenue primarily reflects increased estimates for coal royalties and an increase in the GST distributed to Queensland.
- Since the 2009–10 Budget, underlying estimates for taxation, royalties and GST revenue have been revised up by \$8.1 billion across the period 2009–10 to 2012–13.
- Although the revenue outlook is positive, estimates of these key revenues are still expected to be \$7.6 billion less than predicted in the 2008–09 Budget prior to the global financial crisis.



How is the money spent?

- General Government sector expenses are expected to increase in 2010-11 by almost 6% to \$42.352 billion. Joint projects with the Australian Government and growth in service delivery are major drivers of this growth.
- Consistent with the Government's strategy for returning to surplus, new spending has been highly targeted and offset by savings where appropriate.
- The State Government has a wide range of social, environmental and economic responsibilities. In particular, the budgets for health and education total more than \$20 billion, or 48% of General Government sector expenses.



Economic forecasts ⁽¹⁾

Outlook for components of growth

2009–10^(e) 2010–11^(f) 2011–12^(f)

Domestic production ⁽²⁾				
Household consumption growth to strengthen, as labour market conditions improve and housing activity recovers.	Household consumption	2	3½	4
	Private investment ⁽³⁾	-9¼	7	15½
Dwelling investment forecast to accelerate in response to rising house prices and as credit conditions improve.	Dwellings	¼	6¾	13½
Business investment forecast to rebound in response to strong international demand for energy resources.	Business investment ⁽³⁾	-16½	9½	17¾
	Other buildings and structures ⁽³⁾	-13¾	10¾	19¼
	Machinery and equipment ⁽³⁾	-19½	8¼	16½
Public investment supports economic recovery in 2009-10.	Public final demand ⁽³⁾	6¼	2	-2¾
	Gross state expenditure ⁽⁴⁾	½	4¼	5¼
Exports growth to remain strong, due to increased domestic capacity and rising global commodity demand.	Exports of goods and services	6¾	5¼	5½
Imports forecast to rise, reflecting growth in private investment and consumption.	Imports of goods and services	-¾	5¾	8
	Net exports ⁽⁵⁾	2¼	-½	-1¼
Queensland's economic growth forecast to accelerate to its long-run average in 2011–12.	Gross state product	3	3¾	4½

2009-10^(e) 2010-11^(f) 2011-12^(f)

Other state economic measures				
Population growth to remain above the national rate.	Population	2¼	2¼	2¼
Inflation to remain at the upper end of the Reserve Bank Australia's target band.	Inflation	2¾	3	3
Wage growth to respond to improving labour market conditions.	Wage Price Index	3¼	3½	3¾
Employment growth to strengthen, as economic growth recovers to average.	Employment	¾	2¾	3¼
Unemployment rate to peak at a below average rate in 2009–10, before trending down.	Unemployment rate (year-average)	5¾	5½	5¼

(1) Unless otherwise stated, all figures are annual percentage changes.

(2) Chain volume measure, 2007–08 reference year.

(3) Excluding second-hand asset sales between the public and private sectors.

(4) Includes statistical discrepancy and change in inventories.

(5) Percentage point contribution to growth in gross state product.

(e) Estimated actual.

(f) Forecast.

Source: Queensland Treasury.



Queensland
Government

State Budget 2010–11

Budget Highlights

www.budget.qld.gov.au