

2015-16 Queensland Budgetⁱ

July 2015

On 14 July 2015 the Queensland Treasurer, the Hon Curtis Pitt MP, handed down the Labor Government's first budget. The key themes were job creation, delivering on \$1.9 billion worth of election commitments, driving innovation and investment in communities.

The budget maintained the government's central commitment to not increase fees, taxes or levies above inflation, while at the same time re-directing profits from Government Owned Corporations (GOCs) to paying down debt.

The budget confirmed the government expects an operating surplus of \$963 million for the year 2014-15, a forecasting surplus of \$1.2 billion for 2015-16 and \$6 billion over the forward estimates. This is the first headline budget surplus delivered in Queensland since 2006.

General Government debt peaked at \$43 billion last year. For the first time in a decade General Government debt will be reduced by \$5 billion in 2015-16.

Economic growth in Queensland is predicted to increase from 2 per cent to 4.5 per cent in 2015-16.

Employment growth is projected to continue at half a percent. Unemployment is projected to remain at 6.5 per cent over the forward estimates.

Overview of the State Capital Program

Capital expenditure (Capex) has been dipping in Queensland as Natural Disaster Recovery Expenditure has tapered off. A feature of this year's capital program is the assistance provided to Rockhampton and Central Queensland after Tropical Cyclone Marcia in February 2015.

Capex is projected to be \$10.1 billion in 2015-16, down from \$11.4 billion in 2014-15.

Significant new capex projects funded in this budget are:

- The Second Toowoomba Range Crossing
- The Gateway Motorway Upgrade
- \$100 million for the Townsville Stadium
- \$200 million for the Building Our Regions Better Package

Budget Highlights

JOBS, INDUSTRY AND INNOVATION

- \$180 million to establish Advance Queensland, including:
 - \$50 million for the Best and Brightest Fund to develop, attract and retain scientific and entrepreneurial talent through research and scholarships
 - \$46 million for the Advance Queensland Future Jobs Strategy which provides funding for industry and research collaborations
 - \$76 million for a Business Investment Attraction package to fund a \$24 million Startups Queensland program.
- \$45 million in tax rebates for employers who hire an apprentice or trainee
- \$60 million each year for four years for the Skilling Queenslanders for Work program, identifying and proving access to industry specific training requirements for 32,000 unemployed Queenslanders.

INFRASTRUCTURE

\$10.1 billion for essential infrastructure upgrades, including:

- \$100 million for the Townsville Stadium
- \$30 million for a State Netball Centre
- \$25 million for a Cairns Special School
- \$200 million for a Building our Regions Package which includes
 - \$60 million over two years for a Transport Infrastructure Development Scheme
 - \$70 million over two years for a Regional Capital Fund
 - Royalties for Resource Producing Communities Fund, with an allocated \$55 million over two years
 - Remote Communities Infrastructure Fund, worth \$15 million over two years
- \$20 million for the Northshore Hamilton retail, commercial and communal development
- \$321 million for the Toowoomba Second Range Crossing project.

UNSOLICITED PROPOSALS

The business community will also have the opportunity to submit proposals for infrastructure projects. A streamlined assessment process is aimed at encouraging investment and development.

A new online portal will go live this week, enabling proponents to put forward proposals for priority consideration.

Government agencies will be required to consider private sector collaboration to bring projects online as a priority. An expert panel comprised of representatives from key government agencies will assess any market-led proposals.

HEALTH

The Palaszczuk Government announced a record \$14.2 billion budget for Queensland Health, including:

The Palaszczuk Government's investment in health will increase by \$2.3 billion over four years to support the ongoing growth in demand for services, and address priority areas of need. This is in addition to:

- \$361.2 million over four years to reduce the number of people waiting longer than clinically recommended for a specialist outpatient appointment
 - \$193.5 million to enable the Sunshine Coast Hospital and Health Service to reconfigure service delivery across the region in preparation for the opening of the Sunshine Coast Public University Hospital
- \$180 million over four years to address the state's most urgent health infrastructure needs through a new Enhancing Regional Hospitals program funding vital upgrades and repairs at the Roma, Hervey Bay, Gladstone and Caloundra hospitals
- \$110.7 million over four years, in addition to internal funding, to offer up to 4,000 additional places to new Queensland nurse and midwifery graduates and 16 new nurse educator positions in Queensland Hospital and Health Services
 - \$101.6 million over four years, in addition to internal funding, to employ 400 experienced nurses to help patients navigate the health system
- \$27.2 million over four years to take action against Type 2 diabetes and chronic disease through the Health for Life! Program.

EDUCATION

The Palaszczuk Government allocated a record \$12.6 billion for Education and Training in the 2015-16 Budget, including:

- \$34 million over three years for the Government's Rescuing TAFE package, which funds the creation of 100 new TAFE teaching positions, establishes new industry training courses and increases student support services
- \$160 million to rebuild the Queensland TAFE system
- \$60 million to fund the Higher Level Skills Program which provides subsidised traineeships or apprenticeships to (eligible) individuals in identified priority skill or certificate IV and above areas
- \$243 million to establish 70,000 apprenticeships and traineeships under the User Choice Program
- \$50 million over four years to commence construction on a primary school in Townsville's North
- \$40 million over four years to commence planning and construction on a further secondary school in Townsville's North to be opened by 2020
- 45 new school guidance officers across Queensland where each school with over 50 pupils will have access to the equivalent of a full time guidance officer
- \$300 million additional funding to school maintenance.

PUBLIC SAFETY

- \$32.3 million to re-establish specialty courts including Murri and Drug courts
- \$5 million for the reinstated Sentencing Advisory Council
- \$20 million for police to tackle the drug ice, organised crime and alcohol related violence
- \$6 million over three years for body worn cameras for Queensland Police officers.

ENERGY & RESOURCES

- GOC mergers and capital re-prioritisation will go ahead with dividends being directed towards debt repayment.

ICT, COMMUNICATION & DIGITAL COMMUNICATION

- \$10 million to improve mobile phone blackspots, with 68 towers across the state to be upgraded.

INDIGENOUS AFFAIRS AND ATSI PARTNERSHIPS

- \$200 million for indigenous health
- Brokering employment and career opportunities for Aboriginal people and Torres Strait Islander people, particularly Year 12 school leavers
- Driving opportunities for home ownership for Aboriginal and Torres Strait Islanders
- Supporting community driven initiatives to tackle alcohol fueled violence
- Establishing a Stolen Wages Fund
- Supporting community driven reforms and initiatives in areas such as local authority and decision-making through the delivery of programs including Welfare Reform
- Leading the implementation of a whole-of-government Cultural Capability Framework.

INSURANCE and FINANCE

- Compulsory Third Party Insurance reform to support the National Injury Insurance Scheme (NIIS) by providing long term catastrophic cover for drivers injured in motor vehicle accidents
- \$1.9 million to help fund a launch site for the National Disability Insurance Scheme (NDIS) with \$6.6 million over two years to deliver an innovative program of parenting support.

FAMILY AND COMMUNITIES

- \$2 million to establish three pilot Social Benefit Bonds to examine ways to partner with service providers and the private sector in the areas of re-offending, homelessness and Indigenous disadvantage
- \$1 million will be available for shortlisted providers during the co-design phase
- \$347 million to subsidies concessions for pensioners
- \$6.6 million for the new Triple P Positive Parenting Program establishing a free statewide parenting support services.



Further information

View the Queensland 2015-16 Budget papers [here](#).

View the Treasurer's speech [here](#).

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ⁱ This budget saw a change in accounting policy for budget reporting. Queensland Treasury has returned to Net Operating Balance budget reporting instead of Fiscal Balance.

Simply (and therefore not 100% accurately) the difference between the two methodologies is the treatment of assets acquired by Government Owner Corporations like Ergon, Energex, Sunwater and the Port of Gladstone.

The Fiscal Balance methodology favored by the previous government saw borrowings for government owned corporation contributes to the reported budget deficit.

The Net Operating Balance methodology sees government owned corporation borrowings not considered in budget deficit.

Neither methodologies are incorrect or provide different information – the Net Operating Balance methodology is utilized by most Australian States and Territories.

This reduces the ability to provide direct comparisons of with the previous government's Mid-Year Economic and Financial Review 2014 – 15 however this paper reports changes consistent with the Budget Paper's Net Operating Balance methodology.