

## Queensland 2018-19 Mid Year Fiscal and Economic Review

December 2018

### Overview

Late last week the Queensland Deputy Premier and Treasurer, the Hon Jackie Trad MP, released the Queensland 2018-19 Mid-Year Fiscal and Economic Review (MYFER).

The MYFER confirms an expected net operating surplus of \$524 million -an increase of \$376 million since the state budget in June. The 2018-19 general government sector net operating balances are expected to remain in surplus, despite the \$770 million reduction in GST revenue.

Queensland's MYFER reflects the state government's responsible fiscal management and commitment to a strong economic plan. It highlights the success of the Back to Work program, Jobs and Regional Growth Fund, and the Industry Attraction Fund in supporting the state's economic position.

The Government continues to deliver much needed infrastructure by committing \$46 billion over the next four years into the capital program.

This Hawker Britton Occasional Paper outlines the key economic aggregates and detail key policy announcements.

### Budget Outlook and Key Fiscal Aggregates

The MYFER budget outlook confirmed the following key fiscal aggregates:

- Economic growth is forecast to grow by 3 per cent in 2018-19 and 2.75 per cent in 2019-20, broadly in line with national growth.
- Employment growth rates are unchanged from the June state budget at 1.5 per cent, with the trend unemployment rate to June 2018 increasing to 1.75 per cent, in line with population growth.
- Queensland's export earnings have reached a record high of \$94.3 billion in 2018-19, mainly due to strong growth in Asia.

### Key policy commitments in MYFER

Key policy commitments confirmed in MYFER include:

- Delivering infrastructure – \$11.6 billion capital works program in 2018-19 will directly support more than 38,000 jobs and including:
  - \$534.3 million to continue the Toowoomba Second Range Crossing project, at a total cost of \$1.606 billion, in partnership with the Australian Government.

- The commencement of planning of M1 Pacific Motorway upgrades, in partnership with the Australian Government:
  - between Varsity Lakes and Tugun on the Queensland/New South Wales border at a total estimated cost of \$1.03 billion; and
  - between Eight Mile Plains to Daisy Hill at a total estimated cost of \$749 million.
- \$5.6 billion in concessions for electricity, water, transport, education and housing to reduce the cost of living.
- The Advance Queensland program has received \$650 million in funding since it was launched in 2015-16 including a \$73 million increased investment over four years for the Foundations for the Future initiative, which includes the Ignite Ideas program, Industry Research Fellowships and the Backing Queensland Entrepreneurs program.
- Increased funding of \$570.8 million over six years as part of the \$679 million Building Better Hospitals package to enhance public hospital capacity and services in the South East Queensland growth corridor, including for redevelopments at the Logan, Caboolture and Ipswich hospitals.
- \$371 million for a new public transport ticketing system across the state over the next four years
- \$308 million over six years for the Building Future Schools Fund, bringing total funding to \$808 million across seven years, to deliver world-class learning environments for students, and to address enrolment growth pressures in state schools.
- \$200 million over three years to extend the Works for Queensland program - which continues to support job-creating maintenance and minor infrastructure works across regional Queensland - bringing the total funding of this program to \$600 million over five years.
- \$239 million to continue to deliver improved housing options for Aboriginal and Torres Strait Islander people, including through the Remote Home Ownership Program.
- \$180 million over three years to boost Skilling Queenslanders for Work to increase workforce participation through a range of targeted skills and training programs, taking the total funding available to \$420 million over six years.
- An additional \$171.9 million over four years for 400 police officers in high priority areas across Queensland, as well as \$55.1 million over four years for 85 counter-terrorism officers and operational specialists, and to establish a Security and Counter-Terrorism Command.
- \$155 million to extend the Back to Work regional program to continue to provide employer support payments to employers hiring eligible unemployed jobseekers.



- \$94.6 million over five years to progress programs under the Growing Tourism, Growing Tourism Jobs initiative.
- \$50 million over five years has also been provided to support projects like the expansion of Queensland's flagship hub 'The Precinct' for start-ups in Brisbane's Fortitude Valley, the Clem Jones Centre for Ageing and Dementia Research, and a range of programs to drive and scale innovation in Queensland.
- \$40 million to continue the successful Business Development Fund program, which involves an investment by the state in innovative businesses, helping them to grow and support the state's economy while facilitating the development of a sustainable private market for venture capital finance in Queensland.
- \$38 million over four years to establish the Disaster Resilience Fund to assist local governments, state agencies and non-government organisations to deliver mitigation and resilience projects.
- \$26 million to extend the increased payroll tax rebate initiative (maintaining it at 50 per cent) until June 2019, supporting up to 26,000 apprentices and trainees. Since the introduction of the rebate in 2015-16, over 4,600 businesses have claimed the rebate with a total value of \$50 million to date.

#### **Further information**

The MYFER document is available [here](#).

For further information you can contact your Hawker Britton consultant [Eamonn Fitzpatrick](#) on +61 401 719 488.