

Queensland 2019-20 Budget

June 2019

On 11 June 2019, the Queensland Deputy Premier and Treasurer, the Hon Jackie Trad MP, delivered the 2019-20 Queensland Budget. This is the fifth Palaszczuk Government budget and Ms Trad's second as Treasurer.

The budget focuses on supporting regional Queensland and small to medium sized businesses by continuing the Government's strategy of investing in jobs, infrastructure delivery and front-line services.

The Treasurer's speech is available [here](#).

The 2019-20 Budget is available in full [here](#).

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The Budget Outlook

The 2019-20 Queensland State Budget is a 'budget for the regions' and is focused on investing in jobs, front line services, supporting small and medium sized business, and investment in new skills and industries.

Job creation and continued economic growth will be driven by a record infrastructure investment of \$49.5 billion over four years and almost \$13 billion in job generating infrastructure, directly supporting more than 40,000 jobs - 25,500 of which will be in regional Queensland.

The budget includes a \$841 million net operating surplus for the 2018-19 year, almost \$700 million higher than forecast. The 2019-20 Budget projects an operating surplus of \$189 million.

Operating surpluses are also expected in each of the forward years:

- 2020-2021: estimated operating surplus of \$313 million
- 2021-2022: estimated operating surplus of \$483 million
- 2022-2023: estimated operating surplus of \$787 million

The Budget impact of natural disasters occurring in the 2018-19 year are forecast to be \$1.3 billion over the forward estimates.

The impact of the Commonwealth's GST reduction since the Mid-Year Fiscal and Economic Review has taken \$1.5 billion from the forward estimates.

Debt levels increase to more than \$78 billion in the 2019-20 financial year and are projected to increase year on year throughout the forward estimate period. Increased total debt was partly due to a new accounting measure, forcing the government to count leases such as the long-term lease over 1 William street as debt rather than as an operating expense. These leases add \$6.20 billion to the debt bill in 2019-20 and \$7.25 billion to the total in 2022-23, when debt increases to \$90 billion.

The state's economy growth has eased to 2.25 per cent in 2018-19 due to economic head winds, natural disasters in far north Queensland and the escalation of trade tensions between the United States (US) and China, however, is expected to strengthen to 3 per cent in 2019-20. From 20-21 this growth is forecast to moderate to 2.75 per cent, largely due to weakening global conditions.

Employment growth is expected to be 1.25 per cent in 2019-20, with the unemployment rate stabilising at 6 per cent through to 2020-21. In 2019-20, the unemployment rate will stabilise around 6 per cent and beyond 2019-20, the unemployment rate will lower to 5.75 per cent.

Total expenses are projected to grow at an average annual rate of 2.3 per cent over the four years to 2022-23. From 2020-21, revenues are forecast to grow at a faster rate than expenses.

In 2019-20, General Government Sector expenses are estimated to be \$60.20 billion. The major areas of expenditure are health and education, which together constitute approximately 56.1 per cent of General Government Sector expenses.

A *Service Priority Review Office* will be established in Queensland Treasury to drive the realisation of reprioritisation targets of \$200 million in 2019-20 and \$500 million per annum from 2020-21, by conducting reviews of Queensland public sector agencies and existing programs.

A key feature of the 2019-20 budget is an \$885 million payroll tax package for Queensland's small, medium and growing businesses across all regions. Key elements of the package to be implemented in 2019-20 include:

- an increased exemption threshold – rising from \$1.1 million to \$1.3 million, which will benefit employers with annual wages up to \$6.5 million
- regional payroll tax discount – from 1 July 2019, a 1 per cent payroll tax discount will apply for eligible employers with 85 per cent of their employees outside of South East Queensland
- employment growth rebate – for two years from 1 July 2019, employers that have increased their number of full-time employees will be eligible for a rebate on the payroll tax paid on these additional employees
- extension of apprentice and trainee rebate

The Government expects the combined payroll tax package will benefit 13,000 businesses. For more information on Payroll tax, click [here](#).

The Palaszczuk Government has also made changes to Land tax, which aims to compensate the loss of GST revenue. From 30 June 2019, Land tax will apply when the total taxable value of an owner's investment or commercial property landholdings exceeds the relevant tax-free threshold:

- Foreign companies and trustees of foreign trusts with landholdings of \$5,000,000 or less, a land tax surcharge will apply
- Companies and trustees with landholdings of more than \$5 million but less than \$10 million, the land tax rates will increase from 2 per cent to 2.25 per cent
- Companies and trustees with landholdings of more than \$10 million, the land tax rates will increase from 2.5 per cent to 2.75 per cent.

For more information on Land tax, click [here](#).

Commitments

Skills, Employment, Industry and State Development

The 2019-20 budget provides an additional \$146 million boost to existing grants programs for Queensland businesses and regional councils. The Building our Regions (BoR) program, Advance Queensland Industry Attraction Fund (AQIAF), Jobs and Regional Growth Fund (JRGF) and Made in Queensland (MiQ) program all receive funding increases in this year's budget.

- BoR Program - Round 5 (targeted at local government): \$70 million over four years to deliver infrastructure
- AQIAF: receives an additional \$45 million, bringing total funding for the program to \$150 million.
- JRGF: receives an additional \$25 million, bringing total funding to \$175 million.
- MiQ: Increases to \$46 million over five years from 2017-18 continuing to support small-and-medium-sized manufacturers become more internationally competitive

Other initiatives include:

- \$60 million for the implementation of The Spit master plan on the Gold Coast
- \$30.9 million over four years in the north-west for large-scale geological programs to help identify the next generation of resources projects
- \$10 million for the Rural Economic Development Grant program
- \$5.5 million over three years for a new Micro-Credentialing pilot project to support employers and their workers to gain the skills needed to adapt to workplace changes including new technologies
- \$1 million in digital grants for small businesses

Transport, Infrastructure and Roads

The Palaszczuk Government is delivering a record \$23 billion investment in roads and transport infrastructure across Queensland over the next four years, including:

- \$14.5 billion Regional Roads and Transport Program
- \$1.92 billion in critical road safety infrastructure upgrades
- \$1.45 billion four-year program for Far North roads
- \$500 million to boost mineral freight exports on the Mount Isa Line
- \$300 million station accessibility upgrade program
- \$250 million underground busway interchange at Roma Street
- \$139 million for the School Transport Assistance Scheme
- \$116 million for Park and Ride facility upgrades
- \$45.8 million School Transport Allowance for Students with Disabilities

Other Major investments include:

- \$1.2 billion of essential infrastructure for the Yarrabilba and Greater Flagstone priority development areas (PDAs).
- \$39 million for Queensland's North West Minerals Province to provide a collective understanding of how to strengthen the region's economy
- \$30 million in funding for the joint industry Resources Community Infrastructure Fund for rural communities
- \$21 million four-year Wheelchair Accessible Taxi (WAT) fund to encourage taxi operators to make their vehicles accessible and modernise the state's fleet.

Advance Queensland

Advance Queensland is the \$755 million flagship innovation program which continues to play a key role throughout the state.

The Queensland Government has recognised the increasing global demand for hydrogen. With the global market expected to reach US\$155 billion by 2022, the Government has allocated \$19 million to kick start the hydrogen industry in Queensland and give Queensland a competitive edge for future production and export.

- \$15 million will support an industry development fund to ensure the growth of a hydrogen industry in Queensland

Over the next two years \$8 million has been allocated to FibreCo Qld –established to deliver faster, more reliable internet to homes and businesses in regional Queensland.

Energy

The Government's \$2 billion Affordable Energy Plan aims to deliver the lowest average electricity prices of any mainland state in the National Electricity Market.

As part of this Plan, the 2019-20 Budget includes:

- \$2.7 million for rebates of up to \$3,500 under the Solar for Rentals trial in Bundaberg, Gladstone and Townsville
- \$247.6 million to continue to remove the cost of the Solar Bonus Scheme from electricity bills
- \$192.3 million for the \$341 electricity rebate for eligible seniors, pensioners, veterans and low-income families, including Commonwealth Health Care Card holders and asylum seekers
- \$14.8 million for the regional Business Energy Savers Program to help farmers realise energy savings
- \$1.4 million to assist targeted regional families in hardship to manage their energy costs
- \$4.8 million for the solar and battery storage interest free loans programs

Health

In 2019-20 Queensland Health's operating budget will be \$18.46 billion. Funding allocations include:

- Total capital investment of \$777.7 million including:
 - \$78.6 million as part of the *Enhancing Regional Hospitals* program to redevelop Roma Hospital and upgrade the Gladstone Hospital Emergency Department and
 - \$36.3 million for the *Building Better Hospitals* program to redevelop Caboolture Hospital and expand Ipswich and Logan Hospitals
- \$158.6 million over four years for health and wellbeing of Queensland, reduce health inequity, and tackle Queensland's high obesity and chronic disease rates
 - Including \$25.2 million from 2020-21 to 2022-23 for Health and Wellbeing Queensland to lead the continuation of the Deadly Choices Healthy Lifestyle Program for Aboriginal and Torres Strait Islander Queenslanders
- \$163.6 million to provide free dental care to eligible Queenslanders and their dependents
- \$116.8 million to the Nurse Navigator Program
- \$92.5 million in Patient Travel Subsidy Scheme
- \$70 million for a Cairns Mental Health building
- \$62 million for suicide prevention

Education

The Government is providing increased funding of approximately \$1.4 billion from 2019-23 for Queensland state schools, as part of the five-year school funding agreement reached with the Australian Government in December 2018.

Education funding includes:

- Expanding the *Building Future Schools Fund* by \$532.6 million over seven years from 2018-19 to a total of \$1.3 billion to deliver world class learning environments for students, including new primary, secondary and special schools opening in 2020 and 2021, and land acquisitions.
- \$251.3 million over three years from 2018-19 for additional facilities at existing state schools experiencing enrolment growth
- \$136.2 million over four years from 2019-20 to improve teacher ratios and provide better support to students with a disability
- \$97 million for *Advancing Clean Energy in Schools* program to upgrade and install solar and energy efficiency measures
- \$100 million over four years from 2019-20 for priority state school air-conditioning projects
- \$63.6 million over four years to support pre-school education and learning, including:
 - increased funding of \$18.7 million to the provision of Early Childhood Development Programs, and
 - \$30.4 million over two years for the continued provision of universal access to kindergarten for children in the year before school

Environment and Tourism

Queensland will continue to invest in tourism as a major driver of economic activity and job creation. Tourism Industry Development has received \$153.8 million – a boost of about \$20 million from 2018.

Key initiatives include:

- \$500 million Land Restoration Fund, to expand carbon farming opportunities and generate new job and revenue sources for Queensland communities, including the agricultural sector
- \$17.1 million over four years for its Shark Control Program
- \$8.86 million legacy upgrade of Mackay's historic Queens Park
- \$3 million for the Year of Outback Tourism Events Program
- \$1.5 million to support the protection of threatened species
- \$1 million to promote Tropical North Queensland to domestic visitors
- \$177,000 to strengthen crocodile management in the Torres Shire Council

Communities

In 2019-20, Community and Seniors Services will receive \$175.6 million which includes:

- \$3.9 million over five years to expand the place-based approaches in Gladstone and Rockhampton
- \$3.8 million over five years for the continuation of Logan Together
- \$2.9 million for the construction of the new Townsville Women's Centre
- \$3.3 million in 2019-20 to continue delivery of the Safe Night Precinct as part of the Government's Tackling Alcohol-fuelled Violence Initiative
- \$1.5 million annually from 2019-20 to employ Community Connect workers

Child Safety, Youth and Women

The department will invest almost \$1.5 billion in 2019-20 to prevent and respond to child abuse and neglect, help end domestic, family and sexual violence in Queensland communities and address the disproportionate representation of Aboriginal and Torres Strait Islander children and young people in the child protection system.

Key initiatives include:

- \$99.8 million over three years for Aboriginal and Torres Strait Islander Family Wellbeing services
- \$196.5 million over three years for Intensive Family Support services to continue early intervention support for families and parents
- \$45.5 million over three years for *Family and Child Connect*
- \$2.5 million over three years to enhance the Next Step After Care (NSAC) program
- \$9.6 million in 2019-20 for the Office of the Child and Family Official Solicitor

Police and Emergency Services

The 2019-20 Budget makes provisions for a new \$618 million men's prison near Gatton to be completed by 2022-23. This will deliver a massive economic boost to the Lockyer Valley. A \$2 million Scope of Procurement plan will be completed in the coming financial year.

The Palaszczuk Government continues to support Task Force Orion, by committing \$2.34 million over 4 years plus \$685,000 per annum to integrate the task force into the Queensland Police Service Child Abuse and Sex Crime Group.

An additional \$9.4 million has been allocated to support the intensive supervision of young people on bail. This contributes to a whole of Government investment in youth justice infrastructure and non-infrastructure initiatives of \$154.5 million in operations and \$178 million in capital over five years.

The Budget provides a \$5 million funding increase to target organised crime and crime hotspots throughout the state.

A record \$740 million Queensland Fire and Emergency Services Budget has been delivered and includes:

- \$29.5 million over four years for additional firefighters and fire communication officers
- \$50 million for new and replacement Rural Fire Brigade and Fire and Rescue service equipped vehicles
- \$1 million SES grants

Other commitments

The 2019-20 Budget also saw significant commitments to the following areas:

- The \$1.8 billion Queensland Housing Strategy 2017-2027 will deliver more social and affordable housing across the state
- \$240 million bike infrastructure program over four years
- \$70.4 million in the Country Racing Support Package.
- \$2 million for a new First Nations Cultural Centre in Brisbane

Further information

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