

State Budget 2009–10

Budget Highlights

2009–10 State Budget Papers

1. Budget Speech

2. Budget Strategy and Outlook

3. Capital Statement

4. Budget Measures

5. Service Delivery Statements

Budget Highlights

The suite of Budget Papers is similar to that published in 2008–09.

In March 2009, machinery-of-Government changes saw the creation of 13 departments reporting to 18 Ministers.

These new arrangements have required minor changes to how information is presented in some Budget Papers. In particular, Budget Paper No. 5—Service Delivery Statements is now presented on a departmental rather than a Ministerial basis.

The 2009–10 Budget Papers provide continuity of information between the previous departmental structure and the new arrangements. Future budget papers will present information, including financial statements, only from a whole-of-department point of view.

The Budget Papers are available online at www.budget.qld.gov.au or they can be purchased through The Queensland Government Bookshop, individually or as a set. Please phone (07) 3883 8700 (1800 801 123 for callers outside of Brisbane).

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Budget Highlights
ISSN 1445-4890 (Print)
ISSN 1445-4904 (Online)

Highlights



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Highlights

Delivering jobs for Queensland

The Queensland Government has an \$18 billion building program to protect jobs. The Government will equip our workforce with the skills needed for future recovery, to position the State to come out of the global recession stronger, not weaker.



Under the Government's plan to create 100,000 new jobs over the next three years, the Government will focus on building infrastructure, developing skills for the future, supporting new and traditional industries, and developing new job creation programs.

Building infrastructure

In 2009-10 the Government remains committed to delivering its significant capital program by investing \$18.2 billion in additional road, transport, health, education, social housing, energy, water and other infrastructure across the State and supporting 127,000 full-time jobs in Queensland. Key capital investments in 2009-10 include:

- \$7.307 billion for roads and other transport infrastructure, including projects outlined in 'Better roads and transport' on page 7
- \$1.296 billion for health infrastructure as outlined in 'Investing in our health' on page 5
- \$1.837 billion for the education and training capital program, including initiatives outlined in 'Promoting education and early childhood' on page 8 and in 'Developing skills for the future' on page 3
- \$1.447 billion for additional social housing and improvements to the amenities of existing dwellings to ensure they remain available for rent
- \$3.206 billion for the electricity network to secure reliable supply for a growing population
- \$1.122 billion in water infrastructure, including construction of the Wyaralong Dam.

The Government will maximise skilling and training opportunities generated by this capital expenditure by expanding its existing 10% training policy to include any State Government construction or civil works contracts worth more than \$500,000. The expanded policy will require private companies awarded State government contracts to have 10% of all labour hours attributed to apprentices and trainees.

Nation Building and Jobs Plan

The Australian Government released its \$42 billion Nation Building and Jobs Plan in February 2009 committing

\$21.5 billion to the states for education, social housing, and road and rail infrastructure.

Education – Building the Education Revolution

In 2009-10, Queensland will receive \$1.168 billion in funding under the Building the Education Revolution

program, which focuses on long-term investment in school facilities across Australia. This funding will:

- deliver new or upgraded large-scale infrastructure in all primary schools, special schools and Prep to Year 12 schools

- refurbish and renew existing school facilities and undertake minor building works
- build new science laboratories and language learning centres in secondary schools
- fast-track trade training centres in schools.

Social housing

In 2009-10, funding of \$816.4 million is provided under the Australian Government's Nation Building and Jobs Plan to help boost Queensland's stock of social housing by up to 4,000 new dwellings over the next three years, and fast track repairs and maintenance on existing public housing. Key initiatives include:

- \$670.3 million to start construction of more than 1,500 new social housing

rental units and to purchase land for social housing development

- \$78 million to start construction of community-managed social housing and \$28.1 million to the Brisbane Housing Company to complete construction of 124 rental units
- more than \$40 million for urgent repairs, maintenance and upgrades to existing social housing.

Black spots, boom gates, repairing regional roads and community infrastructure

Under the Nation Building and Jobs Plan, \$52.9 million is provided for road maintenance in Queensland. Funding is also provided to repair regional

roads and black spots, install boom gates at rail crossings and regional community infrastructure across Australia.



Delivering jobs for Queensland

Developing skills for the future

The Queensland Government recognises the importance of ensuring Queenslanders have the necessary skills and training to support their active participation in the workforce, particularly in the current economic climate.

In this Budget, the Government will build on its significant investment in training initiatives, to ensure Queensland has the skilled workers it needs to enable future economic growth.

- A new \$15 million payroll tax apprentice and trainee incentive will be introduced. Employers will benefit from a 25% payroll tax rebate on the eligible wages of apprentices and trainees in 2009-10, in addition to these wages being exempt from payroll tax.
- \$124.3 million will be invested over four years from 1 January 2009 to 30 June 2012, creating 102,000 additional training places for existing workers and around 46,000 additional training places for job seekers in priority qualifications.
- \$136.6 million will be provided to construct, refurbish and modernise training facilities, including the new Coomera Education Precinct of the Gold Coast Institute of TAFE, the SkillsTech Australia campus at Acacia Ridge, and a major trade and technician skills campus at Townsville.

The training and education needs of Indigenous Queenslanders will continue to receive specific support through ongoing initiatives such as the \$5.5 million commitment to support secondary school students from the Torres Strait, Cape York and Palm Island who are studying away from home.

Developing new job creation programs Queensland Green Army

The Government is committed to assisting unemployed Queenslanders enter the workforce. The Queensland Green Army program will invest \$57 million over three years to provide work placements and traineeships for up to 3,000 unemployed people across the State.

The program provides:

- \$47 million over three years to deliver paid green work placements for up to 2,300 unemployed Queenslanders for up to six months. Participants will be paid wages ranging from \$193 to more than \$500 per week to undertake a mixture of supervised work and training as part of green public works projects
- \$10 million over three years to subsidise green traineeships for up to 700 unemployed Queenslanders,

representing around 12 months paid work experience. Trainees who complete the program will gain a nationally recognised vocational green qualification to a Certificate II or III level

- Up to six months assistance for participants to find a full-time job or enter higher education upon completion of the program

- Grants to community-based and not-for-profit organisations and local councils to deliver environmental and conservation projects.

The Green Army will work on projects of strategic importance to enhance the State's natural assets, strengthen the tourism industry and promote increased environmental awareness for all Queenslanders.





Highlights

Delivering jobs for Queensland

Supporting new and traditional industries

The Queensland Government is committed to helping industries remain viable in these challenging economic times and to positioning Queensland for future economic recovery.

As part of the Sustainable Resource Communities Funding Initiative, \$22.5 million will be allocated for infrastructure projects in the North West Queensland Mineral Province to create and support jobs in a region impacted by the mining downturn. This funding is in addition to \$27 million previously allocated for projects in the Bowen Basin and \$6 million for upgrades to the Capricorn Highway.

Under the Queensland Made Means Queensland Jobs initiative, \$6.45 million is provided over five years for the Industry Capability Network (Queensland) to assist competitive Queensland companies to access major infrastructure and resource project opportunities and global supply chains.

Tourism is an important industry in the State, employing thousands of Queenslanders. As part of the Government's *Tourism Blueprint to Protect Jobs*, \$37.8 million will be invested over three years to support and grow Queensland's tourism industry.

Liquified natural gas industry

In addition to implementing strategies to support existing industry sectors, the Government recognises the importance of diversifying the economy by attracting and developing new and innovative industries. The Government is committed to supporting and developing the emerging liquified natural gas (LNG) industry in Gladstone, based on the coal seam gas (CSG) reserves of the Surat and Bowen basins.

An industry viability study commissioned by the Government estimates the LNG industry could generate more than 10,750 Queensland jobs during the construction phase and employ approximately 3,500 people in ongoing, direct industry roles at gas fields, processing plants and export facilities.

Key Government initiatives to support the LNG industry include:

- establishing the LNG Industry Unit to drive development
- dedicating land within the Gladstone State Development Area to establish the LNG industry based around Gladstone
- clearing the way for a gas 'super highway' with a commitment of up to \$30 million to buy the land corridor for an underground gas pipeline from Callide to Curtis Island (located off Gladstone), where LNG plants are being proposed.



- \$36 million of additional funding over three years will go to Tourism Queensland for new, regionally focused tourism marketing and product development campaigns, including marketing major business, sporting and cultural events such as the Picasso exhibition, the Gold Coast A1GP and the Gold Coast Marathon, as well as new tourism products such as the Short Breaks campaign.
- \$1.8 million over three years to support the drive travel market. Funding of up to \$50,000 per project will be available to local councils, regional tourism organisations and local community groups for projects such as toilet facilities and shaded picnic areas.



Investing in our health

The Government will continue to invest in health professionals, and health infrastructure, services and research to support and meet the growing needs of the community.



Health Services

Queensland Health's operating budget will grow to \$9.037 billion in 2009-10, an 8.2% increase on the previous year. In this Budget, the Government will invest:

Cutting waiting lists

- \$110 million over three years for the Surgery Connect Program to provide treatment for waitlisted public patients through utilising spare private capacity.

Faster emergency care

- \$125.7 million capital funding for the expansion of the adult and/or paediatric emergency departments at Logan, QEII, Bundaberg and Redland Hospitals. In future years, emergency departments at Ipswich, Caboolture and Toowoomba Hospitals will also be upgraded, and a dedicated paediatric emergency department will be built at The Prince Charles Hospital.

Transition care

- \$69.9 million over four years to improve rehabilitation and transition care at Eventide, Sandgate, Rockhampton and Townsville

More nurse practitioners

- \$7.9 million over three years to train and recruit 30 nurse practitioners to work in the busiest emergency departments to reduce waiting times

Enhanced cancer treatment

- \$37 million over three years to improve cancer services by increasing access to oncology specialists at Rockhampton and opening new chemotherapy chairs at Cairns

Better maternity services

- \$16.7 million to improve services for mothers and babies by introducing new/enhanced maternity and neo-natal services across Queensland.

Capital

In 2009-10, the Government will invest \$1.296 billion in capital funding for new and existing health infrastructure.

Hospitals

- \$155 million for the construction of the \$1.762 billion 750 bed Gold Coast University Hospital to provide complex care, research and teaching opportunities by late 2012
- \$105.1 million for the \$1.283 billion Queensland Children's Hospital to provide enhanced paediatric services by 2014
- \$21.8 million for the \$446.3 million redevelopment of the Cairns Base Hospital with enhanced rehabilitation facilities and radiation oncology services
- \$61 million for the new \$405.6 million Mackay Base Hospital to provide new, acute service facilities
- \$25.4 million to continue the \$65.2 million redevelopment of the Mount Isa Hospital
- \$72.4 million for the \$240 million Robina Hospital expansion
- \$39.4 million for additional beds at the Townsville Hospital as part of a \$332.8 million expansion
- \$74.2 million for the \$149.1 million expansion of the Rockhampton Hospital to provide additional beds in partnership with funding from the Australian Government's Health and Hospitals Fund
- \$4.2 million for the \$122 million Ipswich Hospital expansion for additional beds
- \$8.3 million to commence work on the \$1.494 billion Sunshine Coast University Hospital precinct.

Research

The Government will invest \$80 million for an Academic and Research Centre to complement the new Queensland Children's Hospital.



Highlights

Renewable energy and the environment

In 2009–10 the Government will continue to invest in a broad range of initiatives to reduce greenhouse gas emissions, adapt to climate change, and help households and businesses minimise their energy costs.

Climate Change Strategy

- \$15 million over four years for the ClimateSmart Business Service to assist small-to-medium size Queensland businesses to save energy and reduce their greenhouse gas emissions in the lead up to the introduction of a Carbon Pollution Reduction Scheme.
- \$8 million over four years to increase the energy efficiency of existing government buildings.
- \$4.5 million over four years for the Rural Water Use Efficiency program
- \$15.6 million over five years to help build community resilience to extreme weather events. Key initiatives include:
 - \$7.7 million over five years to improve the ability of businesses to cope with disasters and improve evacuation preparedness in communities
 - \$3.4 million over three years to build major equipment warehouses in Brisbane and Townsville, and to purchase additional stock for existing warehouses in Cairns, Rockhampton, Toowoomba and Beenleigh to help the State Emergency Service respond to large-scale emergencies and disasters

Renewable energy

The Government will continue to support the development of renewable and low emissions technologies. Through the Queensland Renewable Energy Fund the Government will fund key initiatives including:

- \$4.3 million to Ergon Energy for the new Birdsville Geothermal Power Station to replace the existing plant. The new station will have more efficient equipment, producing more energy from the same resources

Queensland Solar Hot Water Program

The Government is helping Queenslanders reduce their carbon footprint and the cost of their energy bills. Beginning in 2009-10, the Queensland Solar Hot Water Program will provide up to 200,000 affordable solar hot water or heat pump systems to be installed over the next three

years. The Program will offer fully installed, greenhouse-efficient hot water systems for \$100 to eligible Queensland pensioners and low income earners, and \$500 to other eligible Queensland homeowners. This Program will help Queenslanders save money and the environment.



- \$9 million for the Mackay Sugar Cogeneration project, replacing the old plant and streamlining storage practices
- \$7.5 million to the CSIRO for SolarGas One, the world's first multi-tower array system using SolarGas technology
- \$5 million for the Coastal Geothermal Energy Initiative to identify possible sources of hot rocks for geothermal energy close to existing electricity transmission lines.

Funds totalling \$47.7 million will be provided to ENERGEX and Ergon Energy to initiate a range of demand management and energy conservation measures to reduce peak demand on Queensland's electricity infrastructure.

The Government has also provided \$5 million to Ergon Energy to trial a clean energy program in Queensland's remote and isolated communities. This program will reduce the cost of supplying energy to these communities, as well as reduce greenhouse gas emissions and electricity bills. For example, instead of extending distribution or operating diesel generators, funds could purchase stand alone solar or wind generation.

Reef protection

The Government is committed to protecting our State's environmental assets and has developed the Great Barrier Reef Protection Package. This aims to mitigate the impact of key pollutants on reef water quality by reducing the discharge of nutrients,

sediments and pesticides by 50% within four years. To reach this target, the Government will invest \$50 million over five years to implement a range of legislative measures to prevent broad-scale reef pollution.



Better roads and transport

Meeting the growing infrastructure needs of our State remains a priority for the Government. By building and maintaining roads, the Government will connect Queenslanders while creating and sustaining jobs for our workforce.

The Queensland Government is planning for the future needs of our State. In 2009–10 the Government will invest \$3.53 billion in Queensland's roads to ease the pressure of anticipated population growth. This investment includes:

- \$3.048 billion for Main Roads' capital works road program
- \$259.2 million towards the construction of a second Gateway Bridge and to increase capacity on the Gateway Motorway between Mt Gravatt-Capalaba Road and Nudgee Road

Major projects for 2009–10 include:

- continuing to construct the Pacific Motorway interchange upgrades south of Nerang, and starting to expand the section between Springwood and Daisy Hill to eight lanes
- continuing to construct the Townsville Port Access Road
- starting the Douglas Arterial duplication project on the Townsville Ring Road
- commencing construction on the realignment of the Bruce Highway at Cardwell Range
- upgrading the Ipswich Motorway between Wacol and Darra, starting to construct the Dinmore-to-Goodna section and completing the Ipswich/Logan interchange
- starting to upgrade the Bruce Highway between Cooroy and Curra
- commencing construction on the Warrego Highway upgrade
- continuing to construct the new Houghton Highway duplication between Brighton and Redcliffe
- completing construction of the Bundaberg Ring Road
- \$171.8 million towards building the Northern Busway between Enoggera Creek and Kedron
- \$176 million towards continuing the Eastern Busway
- \$62.8 million over two years for the duplication of the Ferny Grove rail line to provide additional rail services
- new or extended train lines for Springfield to Darra, Robina to Varsity Lakes, and Corinda to Darra.

The 2009–10 Budget also includes:

- \$16 million for motorcycle safety
- \$5 million for heavy vehicle rest areas.

Safer Roads Sooner

Safer Roads Sooner (SRS) is a Queensland Government initiative ensuring road safety funding is spent where it makes the greatest difference in addressing fatal and serious injury road crashes.

SRS provides funding for cost-effective, high-benefit engineering works on State-controlled roads. It targets known and potential high-severity crash sites. SRS also encompasses a number of mass-action programs administered on a State-wide basis.

Ten mass-action programs are being funded under SRS:

- improving roadsides by removing hazards and increasing signage
- building median barriers
- laying high-friction surfacing
- creating new heavy vehicle rest areas

- increasing stopping places/rest areas
- improving bicycle safety
- delivering route crash awareness and targeted interventions
- laying audio-tactile line marking
- installing intelligent transport systems signs
- improving motorcycle safety.

SRS is one of the largest dedicated safety engineering programs in Australia. The combination of mass-action programs is a comprehensive approach to addressing safety issues on Queensland's roads.

In 2009-10, SRS funding will increase by \$19 million to \$66 million, with increased funding from camera-detected offence fines.





Highlights

Promoting education and early childhood

The Queensland Government is committed to investing in the basics of literacy, numeracy, science, teachers and teacher aides.



Following on from the successful introduction of Queensland's non-compulsory Preparatory Year, in 2008-09 the Department of Education and Training commenced reform of the State's early childhood education in line with national priorities.

Supporting the Government's *Towards Q2: Tomorrow's Queensland* agenda, the focus for 2009-10 will be on the essentials of literacy, numeracy and science. Funding of \$301 million will continue the \$1 billion Tomorrow's Schools Program.

In 2009-10, the Government will continue investing in education and early childhood with:

- \$20.3 million for:
 - up to 80 literacy and numeracy coaches
 - the establishment of summer schools for 9,000 Year 5 and Year 7 students
 - intensive teaching of Year 3 and Year 5 students not meeting national literacy and numeracy standards.
- more than \$11 million for science education among students in Years 4 to 7
- construction of seven new schools in high growth areas in Thornlands South, Peregian Springs, Bellbird Park and Collingwood Park in Ipswich, East Coomera and Bundilla on the Sunshine Coast. Peregian Springs and Thornlands South will be completed for the start of the 2010 school year. The remaining schools, including a new highschool to be built at Murrumba Downs, will open in 2011 and 2012
- \$15.4 million for kindergarten infrastructure on State school sites as part of the Government's commitment to invest more than \$300 million to establish 240 new or extra kindergarten services by 2014

- provision of an additional 350 teachers and teacher aides to meet enrolment growth
- \$7.5 million to provide an additional \$10,000 a year in grant funding for each school, with an additional \$3,000 per school for schools in disadvantaged areas
- 5,000 teacher aide hours per week as part of the Government's \$43 million, three-year commitment to allocate additional teacher aide time for students from Prep to Year 7.

Capital outlays of \$16.7 million will complete the rollout of early learning facilities across 35 Indigenous communities.

Partnership with the Australian Government

The Queensland Government will partner with the Australian Government to deliver:

- \$1.168 billion in infrastructure in schools across the State as part of the Australian Government's Building the Education Revolution initiative
- the rollout of the Australian Government's investment of up to \$61.1 million in trade training centres in schools. The Queensland and Australian Governments are

working closely to establish trade training centres to help increase the proportion of students achieving Year 12 or equivalent qualifications and skills in traditional trades and emerging industries

- National Partnership Agreements for Literacy and Numeracy, Low Socio-Economic Status School Communities and Improving Teacher Quality programs



Improving emergency services

The Government will continue to invest in quality emergency and disaster management services that support and serve our communities and help to keep Queenslanders safe.

Over the past year, Queensland's emergency services have continued their critical work helping communities in crisis. This has involved providing essential emergency relief services across the State in response to storms, flooding and severe cyclones.

Natural disasters and medical emergencies are unpredictable in their timing and severity. To ensure Queensland is prepared, the Government will continue investing in our State Emergency Service's response capability.

In 2009-10 Government funding will provide:

- \$19.3 million for the construction or redevelopment of 20 ambulance facilities
- \$22.2 million for nine new or improved fire stations, and improvements to facilities at the Combined Emergency Services Academy at Whyte Island
- \$3.5 million to employ an additional 50 ambulance officers
- \$20.9 million to purchase 150 new ambulances
- \$10.4 million for 23 new or replacement urban fire trucks
- \$4.4 million for 34 new or replacement rural fire vehicles including the first six of 14 specialised 3,000 litre water-carrying appliances fitted with essential communications and bushfire fighting requirements

- \$54.9 million toward the \$78.7 million integrated communications and emergency operations centre being constructed at Kedron
- the donation of a twin-engine EC135 helicopter worth \$6 million to Surf Life Saving Queensland and \$400,000 per annum towards ongoing operating costs
- \$200,000 per annum over four years for extra beach patrol and lifeguard services, and expanded communications and camera surveillance networks for regional beaches north of the Sunshine Coast

The Government recognises the importance of volunteers to the life-saving work of emergency service groups such as the State Emergency Service and Rural Fire Service. The 'Support our Heroes' package will invest \$12.98 million to support existing volunteers, attract new volunteers and prepare communities to respond to natural disasters.

In 2009-10, this package will provide:

- \$1.22 million for vehicles, flood boats and trailers to boost the State Emergency Service's capability
- \$1.84 million for safety equipment and initiatives for rural firefighters by providing fire-reflective curtains and replacing petrol driven pumps with diesel driven pumps in 965 rural fire vehicles.





Highlights

Delivering services to the regions

Far North Queensland

- Redevelop the Cairns Base Hospital and expand its emergency department.
- Design and build a cruise facility terminal at the Port of Cairns.
- Build an agri-science facility in Mareeba, a maritime training college in Cairns and a trade training centre at Atherton State High School.
- Expand the Wild River Rangers program.
- Build a new ambulance station at Tully and replace the ambulance station at Ravenshoe.
- Expand the Lotus Glen Correctional Centre – generating jobs for the local economy.

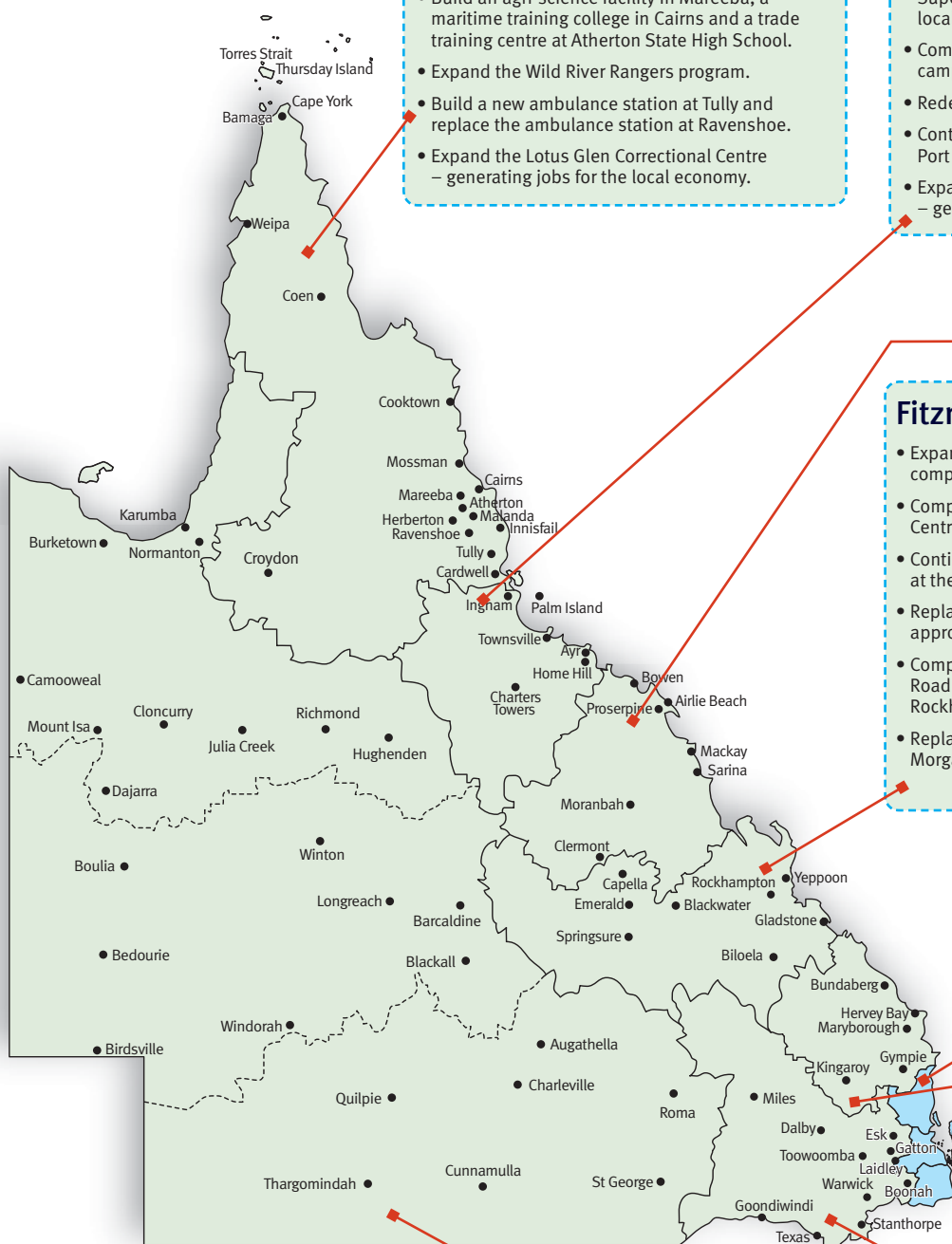
North Queensland

- Expand the Townsville Hospital and redevelop the Ingham Hospital.
- Improve the Port of Townsville.
- Stage the inaugural Dunlop Townsville 400 V8 Supercar event – boosting tourism and the local economy.
- Complete the development of a specialist trade campus in Townsville.
- Redevelop the Barrier Reef Institute of TAFE.
- Continue the construction of the Townsville Port Access Road.
- Expand the Townsville Youth Detention Centre – generating jobs for the local economy.

Fitzroy

- Expand the Rockhampton Hospital and complete the replacement hospital at Yeppoon.
- Complete the redevelopment of Rockhampton's Central Queensland Institute of TAFE.
- Continue the upgrade to the Dawson Highway at the Calliope Range.
- Replace bridges across the Don River and build approaches on the Leichhardt Highway.
- Complete a pedestrian bridge at the Yaamba Road and Main Street intersection in Rockhampton.
- Replace the ambulance station at Mount Morgan.

See Detail map above





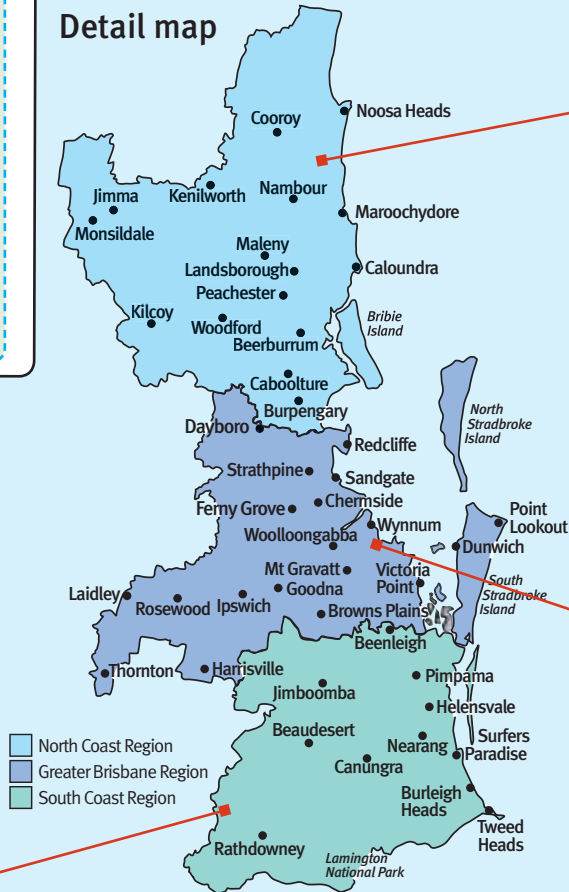
Mackay-Whitsunday

- Build the new Mackay Base Hospital.
- Upgrade the Whitsunday Airport.
- Continue to develop a specialist trade campus in Mackay.
- Continue to build the Forgan Bridge and approaches on Barnes Creek Road, due for completion in 2010-11.
- Build overtaking lanes and safer intersections on the Peak Downs Highway near Nebo between Cut Creek and Retreat Creek.
- Construct and upgrade a State Emergency Service facility and ambulance station at Moranbah.

South Coast

- Build the Gold Coast University Hospital and expand the Robina Hospital.
- Build the Wyaralong Dam.
- Start to redevelop the Gold Coast Stadium at Carrara.
- Continue to develop the Coomera Education Precinct of the Gold Coast Institute of TAFE.
- Continue to improve the Pacific Motorway at Robina and Varsity Lakes.
- Build a new fire station at Nerang.
- Build new ambulance stations at Runaway Bay and Jimboomba and a new ambulance training facility at Pimpama.

Detail map



North Coast

- Commence work on the Sunshine Coast University Hospital precinct.
- Continue to redevelop trade training facilities at the Sunshine Coast Institute of TAFE at Nambour.
- Build a new school at Peregrine Springs scheduled to open in 2010.
- Complete duplication of Steve Irwin Way between the Mooloolah Connection Road and the Bruce Highway at the Caloundra interchange.
- Replace bridges on Beerburum Road at Six Mile Creek and King John Creek, Elimbah.
- Duplicate the rail track between Caboolture and Beerburum.
- Replace the Nambour Fire Station and complete the new police station at Sippy Downs.

Greater Brisbane

- Continue to develop the new Queensland Children's Hospital, complete the upgrade of The Prince Charles Hospital and expand the Ipswich Hospital.
- Continue to construct the new Houghton Highway duplication between Brighton and Redcliffe.
- Continue to construct a second Gateway Bridge.
- Upgrade the Ipswich Motorway between Dinmore and Goodna, and between Wacol and Darra.
- Continue to duplicate the Centenary Highway between Springfield and Darra, in conjunction with the Darra to Springfield rail extension.
- Build an integrated communications and emergency operations centre at Kedron.
- Complete the upgrade of the Brisbane Youth Detention Centre.

Darling Downs and West Moreton

- Develop a birthing centre at the Toowoomba Hospital.
- Start construction on training centres at Stanthorpe State High School, Dalby State High School, Harristown State High School, Oakey State High School and Lockyer District State High School.
- Complete the early childhood education centre at Toowoomba North.
- Complete the 38 kilometre Toowoomba pipeline linking Wivenhoe Dam to Toowoomba's Cressbrook Dam.
- Build the South Queensland Correctional Precinct at Gatton – generating jobs.
- Develop the National Carriage Factory – the final stage of the Cobb & Co Museum development.
- Complete the underpass at St Mary's Primary School on Palmerin Street in Warwick.

Wide Bay-Burnett

- Complete the expansion of the Bundaberg Hospital due for completion in 2010.
- Build a new pathology laboratory at the Hervey Bay Hospital.
- Start the upgrade of the Bruce Highway between Cooroy and Curra.
- Build a new bridge on the Burnett Highway at Three Moon Creek.
- Build a new four-lane boat ramp on the Burnett River at Sandy Hook.
- Start construction on trade training centres at Kingaroy and Maryborough State high schools.
- Build a new fire station at Agnes Water.

Western Queensland

- Redevelop the Mount Isa Hospital.
- Upgrade medical staff accommodation and build accommodation for renal dialysis patients in Mount Isa.
- Build 67 new rental units in low-income Indigenous communities.
- Build a new geothermal plant at Birdsville.
- Start construction on trade training centres at Longreach and Charleville State high schools and Spinifex State College in Mount Isa.
- Upgrade the Box Creek and Holy Joe Creek floodways on the Flinders Highway.
- Complete the refurbishment of the Charleville Watchhouse.



Highlights

Keeping taxes competitive

Queensland maintains its tax competitiveness, with Queenslanders paying an average of \$400 less state tax than taxpayers in other states and territories

In 2009–10 State tax collections are expected to be \$2,087 per capita – \$400 lower than the average \$2,487 per capita for other states and territories.

Other measures of tax competitiveness, such as taxation effort and taxation as a share of gross state product, highlight that Queensland's tax rates are highly competitive with other states.

One of the Queensland Government's key fiscal objectives is to maintain a competitive tax environment. The Government recognises the importance of a competitive tax environment to promote economic development and jobs growth. To this end, despite estimates for taxation, royalties and goods and services tax revenue being revised down by \$15 billion across the period 2008–09 to 2011–12, there are no taxation or royalty revenue increases in this Budget. A number of planned measures announced in the *Mid Year Fiscal and Economic Review* will commence.

In the 2008–09 Budget, the transfer duty exemption threshold for first home buyers purchasing established homes was increased to \$500,000. The exemption threshold for first home buyers purchasing vacant land is \$150,000. To encourage demand in the housing sector, this Budget includes:

- an increase in the threshold for first home buyers purchasing vacant land from \$150,000 to \$250,000, providing savings of up to \$5,675
- extending the concession for first home buyers purchasing vacant land valued at up to \$400,000.

Queensland currently has a highly competitive payroll tax regime. The overall payroll tax rate of 4.75% is the lowest of any state and the exemption threshold of \$1 million is among the highest thresholds in mainland Australia.

This Budget provides further relief for businesses that employ apprentices and trainees. In 2009–10, the Government will provide a 25% payroll tax rebate on the eligible wages of apprentices and trainees in addition to these wages being exempt from payroll tax. This measure will save businesses approximately \$15 million in 2009–10.

The Queensland Government recognises that annual land tax liabilities may have cashflow implications for businesses and investors. To assist in alleviating these cashflow issues, an instalment payment option for land tax liabilities will be introduced in 2010–11, spreading the tax liability over a longer period.

In 2009–10, as an interim measure, the payment period for land tax assessments will be increased from 30 days to 90 days with the financing cost to Government estimated at approximately \$8 million.

In light of the tighter fiscal conditions, duty on the transfer of core business assets will now be abolished by 1 July 2013, in accordance with the timeframe included in the new Intergovernmental Agreement on Federal Financial Relations.

Tax initiatives in 2009–10 Budget

- An increase to the first homebuyer vacant land concession from \$150,000 to \$250,000.
- A new \$15 million payroll tax incentive for apprentices and trainees, giving employers a 25% payroll tax rebate on the eligible wages of apprentices and trainees in 2009–10, in addition to these wages being exempt from payroll tax.
- An instalment payment option for land tax will be introduced in 2010–11.
- In 2009–10 the payment period will be increased from 30 days to 90 days as an interim measure.

More information on tax initiatives is available in Budget Paper 2 – Budget Strategy and Outlook.

Queensland's tax competitiveness

	QLD	NSW	VIC	WA	SA	TAS	ACT	NT	Avg
Taxation per capita ¹ (\$)	2,087	2,645	2,434	2,557	2,164	1,605	2,883	1,788	2,487
Taxation effort (%)	85.6	104.8	101.9	102.8	111.8	92.7	107.5	102.5	100.0
Taxation % of GSP (%)	4.46	5.16	4.80	4.04	4.87	3.90	4.41	2.53	4.75

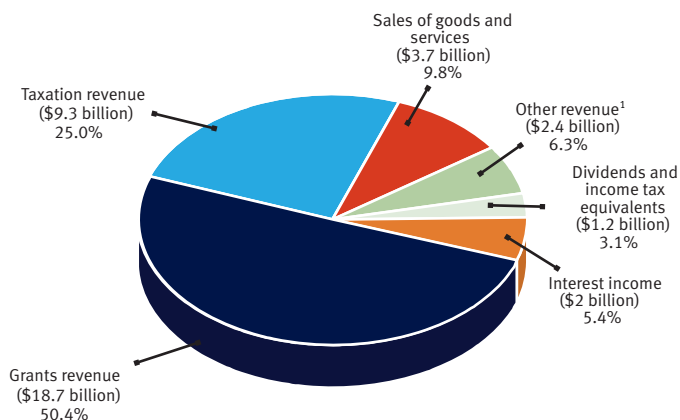
1. 2009–10 data. Sources: QLD, VIC, WA, ACT, NT, SA, TAS State Budgets, NSW is a Queensland Treasury estimate based on revisions in other jurisdictions.



How the money is raised

- General Government revenues are budgeted to be \$37.192 billion in 2009-10, an increase of 3.7% on 2008-09 estimated actual revenue.
- This increase is largely due to increased Australian Government funding (for example, the Nation Building and Jobs Plan), interest income returning to an assumed long run rate of return and commencement of measures announced in the *Mid Year Fiscal and Economic Review*.
- Partially offsetting this increase is a \$1.59 billion reduction in royalty revenue, primarily due to sharp reductions in contract coal prices settled since the *Economic and Fiscal Update*.
- While a number of taxation measures announced in the *Mid Year Fiscal and Economic Review* and commencing from 1 July 2009 will help increase taxation revenue (6% in 2009-10), there are no taxation or royalty increases in this Budget.
- Taxation revenue estimates for 2009-10 are \$1.556 billion lower than at the time of the 2008-09 Budget.
- Australian Government payments to Queensland are expected to total \$18.307 billion in 2009-10. This is an increase of 9% over payments in 2008-09 primarily due to increases in Australian Government capital grants for specific purposes under the Nation Building and Jobs Plan and the Council of Australian Government reform agreements. This is partly offset by a decrease in GST revenue.
- In 2009-10 Australian Government payments include \$7.660 billion in GST revenue grants, \$889 million (or 10.4%) less than in 2007-08.

General Government operating revenue (2009-10)

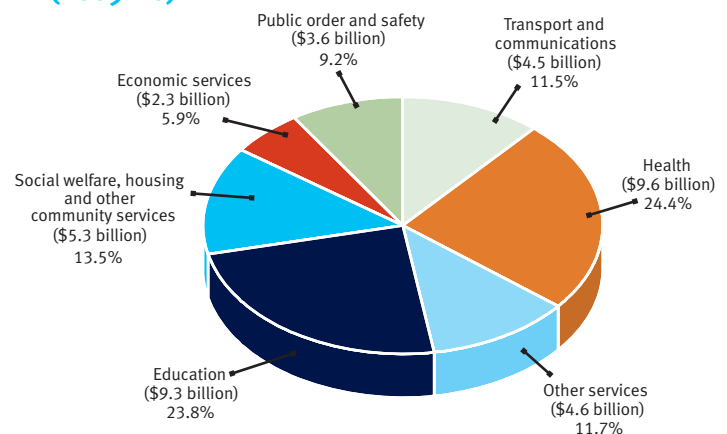


¹ The major component of 'Other revenue' is royalties and land rents (4.9%).

How the money is spent

- General Government operating expenses are budgeted at \$39.146 billion.
- The major areas of expenditure are health and education, which together constitute approximately 48.2% of General Government sector expenses.
- The combined budget allocated for health and education will total \$18.9 billion in 2009-10.
- Agreements with the Australian Government require increased expenditure in many service delivery areas.

General Government expenses by purpose (2009-10)





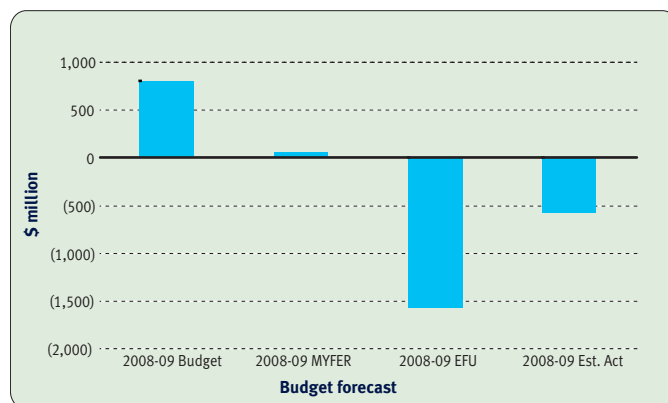
Highlights

Fiscal outlook

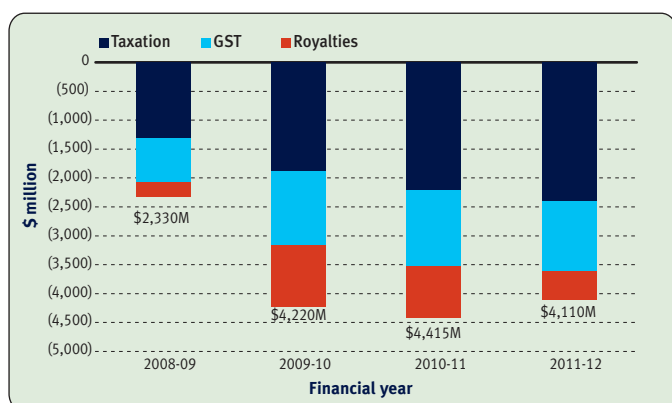
- The sharp downturn in the world economy since the 2008–09 Budget has led to a substantial deterioration in Queensland's fiscal outlook. The downturn has significantly impacted the international and Australian economic environment and caused substantial reductions in governments' revenue across the globe.
- Since the 2008–09 Budget, underlying estimates for taxation, royalties and GST revenue – the key discretionary revenues available to the Queensland Government – have been revised down by \$15 billion over the period 2008–09 to 2011–12.
- This has had a significantly negative impact on Queensland's operating position, with the State forecasting deficits across the Budget and the forward estimate years.
- The General Government net operating balance is expected to be a deficit of \$574 million in 2008–09 compared to a forecast deficit of \$1.573 billion at the time of the *Economic and Fiscal Update* in February 2009 and a \$54 million surplus anticipated in the *Mid Year Fiscal and Economic Review* in December 2008.

- Queensland is budgeting for a General Government net operating deficit of \$1.954 billion in 2009–10 and in the forward estimate years.
- While current economic conditions prevail, the Queensland Government's objective is to continue to invest in infrastructure to sustain jobs. The 2009–10 Budget does this with a projected 2009–10 capital program of \$18.2 billion which is forecast to support 127,000 full-time jobs.
- The Government also recognises the need to ensure the health of the Queensland economy in the medium and longer term, and is cognisant of the part played by sound financial management and fiscal sustainability in supporting this growth. 'Returning the budget to surplus' on pages 18 and 19 sets out how the Government will restore Queensland's traditionally strong financial position, while maintaining services and continuing to deliver its commitments to the community.

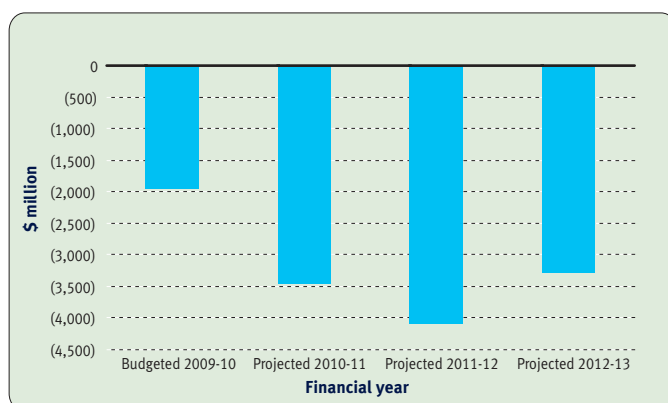
General Government operating position 2008–09



Reduction in key revenues since 2008–09 Budget



General Government operating position

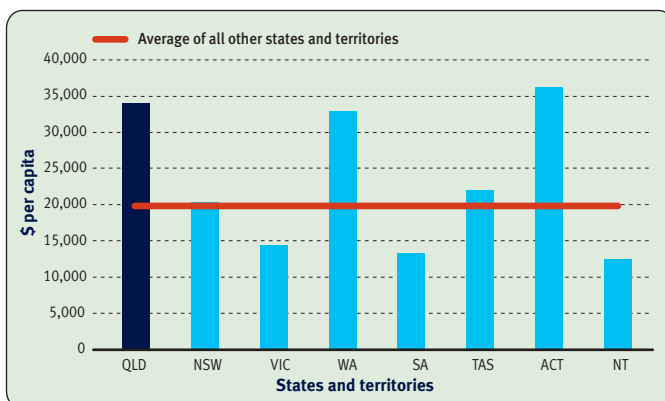




A strong balance sheet

- The net worth, or equity, of the State is the amount by which the State's assets exceed its liabilities. This is the value of the investment held on behalf of the people of Queensland by public sector entities.
- Queensland's balance sheet is expected to remain strong in 2009-10 with State net worth budgeted to grow by \$1.344 billion through the year to \$151.1 billion.
- On a per capita basis this is 72.7% greater than the average per capita net worth of other states and territories.
- General Government non-financial assets are projected to total \$156.471 billion at 30 June 2010. The majority of these assets are roads, schools, hospitals and other infrastructure used to provide services to Queenslanders.
- In per capita terms, it is estimated that the Queensland Government's capital spending will be around 60% above the average of the other states at \$2,083 per person. This is again the highest per capita capital program of all the states.
- General Government capital spending per capita has exceeded the average of other states for well over a decade.

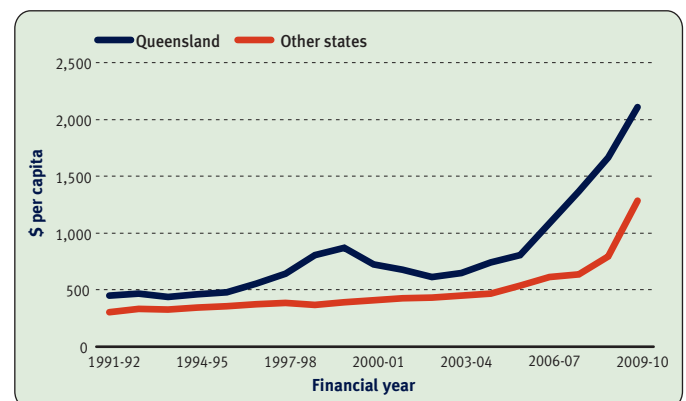
**Queensland per capita net worth
(by state and territories, 2009-10)**



Note: Western Australia values land under roads as part of its overall asset base. This has been adjusted to allow comparison with other jurisdictions which do not value land under roads.

Source: State Budget Papers for QLD, SA, TAS, VIC, WA, ACT and NT. Half-Yearly Review for NSW. Population data from Australian Government Budget Paper No.3, 2009-10.

**General Government purchases of non-financial
assets \$ per capita**



Source: QLD, VIC, SA, WA, TAS -- State Budgets, NSW -- Half Mid-Yearly Review, Australian Government Budget and Queensland Treasury estimates, population -- ABS 3101.0 and Australian Government Budget Paper 3



Highlights

Economic outlook – Global recession worst in 60 years...

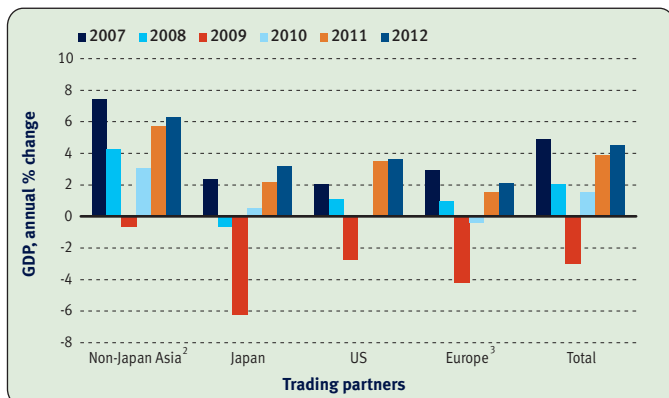
Financial crisis causes downturn in major trading partner economies

- The global economy is expected to contract for the first time in 60 years in 2009.
- The global financial crisis and associated recession is likely to see Queensland's major trading partner economies contract 3% in 2009, following below average growth of 2% in 2008.
- Major trading partner growth is expected to remain at a below average rate of 1½% in 2010.
- Japan, Queensland's largest destination for merchandise exports, has been hit hard by the crisis, with its economy contracting 8.4% over the year to March quarter 2009.
- The global recession has seen commodity prices retreat, with contract prices for hard coking and thermal coal negotiated 57% and 44% lower for the 2009–10 Japanese fiscal year.

Queensland to be affected, but will fare better than the nation

- The Queensland economy is estimated to expand by only ½% in 2008–09 and contract by a marginal ¼% in 2009–10, before recovering by 2¾% in 2010–11.
- This would represent three consecutive years of below average growth, largely reflecting the impact of the financial crisis on household wealth, business investment and exports.
- After tripling over the past eight years, business investment is forecast to fall in 2009–10, as lower commodity prices see a scaling back in mining related construction in particular.
- Private consumption is forecast to grow at a below average rate throughout the forecast period, as households adjust to declines in wealth from lower equity and house prices.
- However, partly reflecting strong population growth, the Queensland economy is forecast to outperform that nationally for the fifteenth consecutive year in 2010–11.

Major trading partner economies¹ to contract in 2009



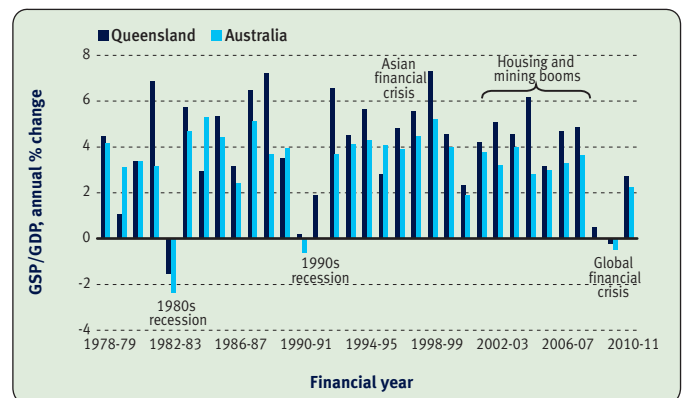
1. 2008 is an estimated actual, 2009 to 2012 are forecasts.

2. Includes New Zealand.

3. Includes United Kingdom.

Sources: IMF and Queensland Treasury.

Queensland's economic performance¹



1. CVM, 2006–07 reference year. 2008–09 is an estimated actual, 2009–10 and 2010–11 are forecasts.

Sources: Australian Treasury, Queensland Treasury and ABS 5206.0.



leading to tough labour market outlook

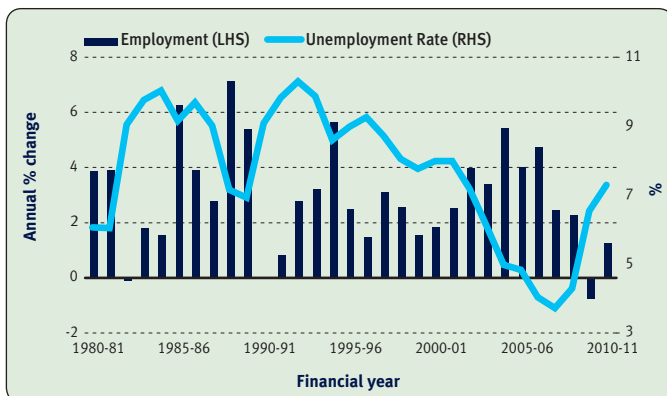
Unemployment rate to increase

- In line with weaker economic activity, year-average employment in Queensland is forecast to fall by $\frac{3}{4}\%$ in 2009-10.
- Employment is forecast to grow at a below-average rate of $1\frac{1}{4}\%$ in 2010-11, reflecting the lagged impact of falling economic activity in 2009-10 and only a modest recovery in 2010-11.
- As a result, the unemployment rate in Queensland is anticipated to rise to a year-average rate of $6\frac{1}{2}\%$ in 2009-10 and peak at $7\frac{1}{4}\%$ in 2010-11.
- Queensland's labour market is forecast to fare better than that nationally, where employment is forecast to rise by $\frac{1}{2}\%$ over the year to June quarter 2011, causing the national unemployment rate to peak at $8\frac{1}{2}\%$ in that quarter.

Public investment supports economy during recession

- As private sector activity declines in 2009-10, a rise in public investment is forecast to help cushion the Queensland economy from the global recession.
- This reflects the State's own significant capital works program, as well as investment spending due to infrastructure initiatives from the Australian Government.
- Public investment is forecast to contribute one percentage point to Queensland's economic growth in 2009-10.
- Greater public investment in the transport, energy and export sectors in recent years will add significantly to the productive capacity of the economy going forward.

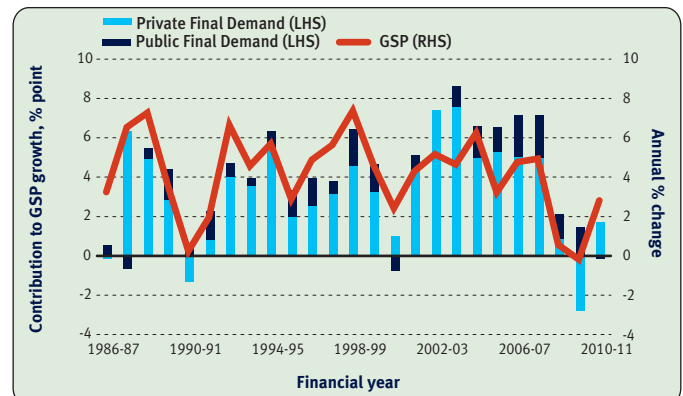
Unemployment rate¹ in Queensland to rise in line with previous recessions



1. 2008-09 is an estimated actual, 2009-10 and 2010-11 are forecasts.

Sources: ABS 6202.0 and Queensland Treasury.

Public final demand¹ to support economy in 2008-09 and 2009-10



1. CVM, 2006-07 reference year. Public final demand comprises public consumption and public investment. Adjusted for second-hand asset sales between the public and private sectors. 2008-09 is an estimated actual, 2009-10 and 2010-11 are forecasts.

Source: Queensland Treasury.



Highlights

Returning the budget to surplus

The unprecedented economic and financial conditions arising from the global financial crisis have had a significant negative impact on the State's fiscal position. As a result, the Government has implemented a number of initiatives aimed at restoring Queensland's traditionally strong financial position, while maintaining Government services and continuing to invest in infrastructure to sustain jobs.

Fiscal measures

In this Budget the Government has established the platform for structural change in Queensland's finances. The Government has committed to:

- matching recurrent expenditure growth to real per capita growth
- stabilising the net financial liabilities to revenue ratio.

Since the 2008–09 Budget the Queensland Government has announced \$5.4 billion in measures over four years to ensure the future health of the Queensland economy.

- The Fuel Subsidy Scheme will be abolished from 1 July 2009. At a cost of \$2.4 billion over four years, the scheme is no longer sustainable in the current fiscal environment and does not represent value-for-money for Queensland taxpayers.
- Public sector efficiency savings will increase to a total of \$280 million per annum from 2009–10. These savings will be achieved through productivity and efficiency improvements in corporate overheads, travel, publication, marketing and communication costs, and through savings derived from the recently announced departmental structure reforms.
- The Government wages policy will be revised. The Government is committed to maintaining wage increases as prescribed in the Memorandum of Understanding (MOU) with unions for all agreements covered by the MOU. All other agreements that have expired or are due to expire by 31 December 2009, will have until 1 September 2009 to reach an agreement. Where an agreement is not reached by this date, and for agreements expiring after 31 December 2009, a new Government wages policy will apply which limits wage increases to 2.5% per annum until the Budget returns to surplus. The new policy will apply to Chief Executives, Senior Executives and Senior Officers and their equivalents from 1 July 2009.

- The Government will overhaul the current suite of local government grant and subsidy programs to better allocate resources to priority areas. Existing approved commitments will still be honoured with current programs to cease on 16 June 2009. A new \$45 million per annum capped grant and subsidy scheme will commence from 2011–12, targeting subsidies to councils that have essential infrastructure projects ready to be delivered but do not have the financial capacity to deliver the projects without assistance.

In addition, a number of taxation measures were previously announced as part of the *Mid Year Fiscal and Economic Review*. In light of the tighter fiscal conditions, the abolition of transfer duty on core business assets will also be delayed until 1 July 2013.

The Queensland Government will undertake a staged program of strategic asset sales to restructure the State's asset portfolio. The sales are estimated to deliver proceeds of approximately \$15 billion and avoid a further \$12 billion in capital investment in these assets over the next five years.

This program will include the sale of Queensland Motorways Ltd, the Port of Brisbane Corporation, Forestry Plantations Queensland, Queensland Rail's (QR) above and below rail coal business and the Abbot Point Coal Terminal. The sales are expected to progress over the next three to five years, with timing influenced by the recovery in financial markets.

These initiatives will help return the budget to surplus and better position Queensland to regain its AAA credit rating.



Revised fiscal principles

The Queensland Government is committed to returning the budget to surplus and lowering the State's level of debt. To support this, a new *Charter of Fiscal Responsibility* detailing revised fiscal principles has been developed. Each budget, mid year review and end-of-year outcomes report will detail the Government's achievements against these fiscal principles, illustrating the Government's commitment to restoring Queensland's strong fiscal position and charting its progress towards this.

The fiscal principles of the Queensland Government centre around three major themes: fiscal sustainability, a competitive tax regime and managing the State's balance sheet.

- Fiscal sustainability – strong, sustainable finances are imperative to ensuring future economic growth.
 - Principle 1: In the General Government sector, meet all operating expenses from operating revenue (where operating revenue is defined as total revenue from transactions and operating expenses are defined as total expenses from transactions less depreciation).
 - Principle 2: Growth in own-purpose expenses in the General Government sector to not exceed real per capita growth.
 - Principle 3: Achieve a General Government net operating surplus as soon as possible, but no later than 2015-16.

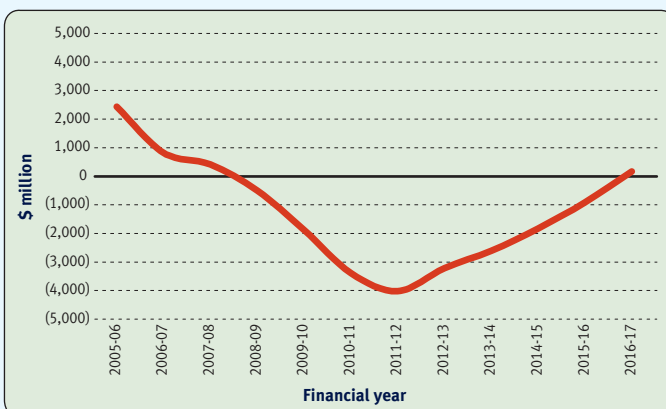
While the chart of net operating balance indicates a deficit position for Queensland until 2016-17, it is expected that the significant program of asset sales, which are not factored into the forward estimates, will make a positive contribution to the General Government sector and assist in returning the Budget to surplus in 2015-16.

- Competitive tax regime – a low-cost environment for business is necessary to promote economic development.
 - Principle 4: Maintain a competitive tax environment for business.
- Managing the State's balance sheet – a strong balance sheet allows governments to manage fluctuations in the operating position and expand the capital base.
 - Principle 5: Stabilise net financial liabilities as a proportion of revenue in the Non-financial Public sector.

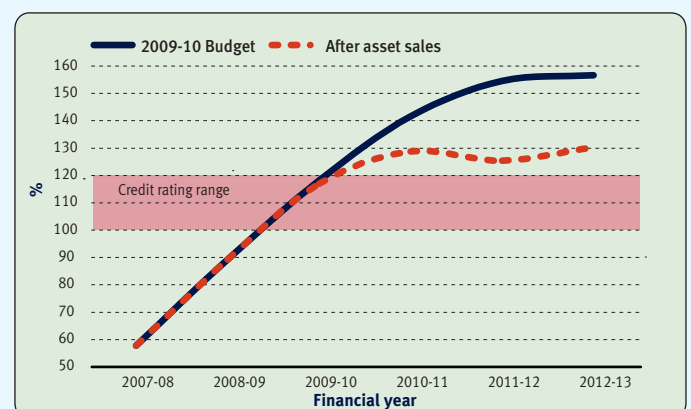
The chart of net financial liabilities to revenue ratio shows the impact of asset sales on this key credit rating ratio and indicates that the ratio stabilises at below 130% following the asset sales.

- Principle 6: Target full funding of long-term liabilities such as superannuation in accordance with actuarial advice.

General Government sector net operating balance, 2005-06 to 2016-17



Net financial liabilities to revenue ratio, before and after asset sales





Highlights

Economic forecasts¹

Outlook for components of growth		2008–09 ^e	2009–10 ^f	2010–11 ^f
Domestic production²				
Household consumption growth to remain weak in 2009-10 and 2010-11, reflecting an adjustment to lower household wealth.	Household consumption	1¼	¾	2¼
	Private investment ³	¼	-11½	1¾
Dwelling investment to fall in 2008-09 and 2009-10, due to low consumer and investor confidence.	Dwellings	-7¾	-3	20¾
Business investment to decline in 2009-10 and 2010-11, as resource projects are postponed and financing remains difficult.	Business investment ³	7	-17	-8¾
	Other buildings and structures ³	14¼	-17¾	-11
	Machinery and equipment ³	1¼	-16½	-6
Public investment to support economy in 2009–10.	Public final demand ³	5	5¾	-½
	Gross state expenditure ⁴	¾	-¾	2
Exports to fall in 2008-09 and 2009-10, as global demand for mineral and energy products eases.	Exports of goods and services	-2	-2¼	3
Imports to fall in 2008-09 and 2009-10, reflecting a decline in private investment and slow consumption growth.	Imports of goods and services	-1	-3¼	1
	Net exports ⁵	-¼	¾	¾
Queensland economic performance forecast to be below trend for three consecutive years.	Gross state product	½	-¼	2¾
Other State economic measures				
Population growth to remain above the national rate, due to net interstate migration.	Population	2½	2¼	2
Inflation to moderate from current rates, reflecting weaker economic growth.	Inflation	3¾	2½	2½
Wage growth to moderate in line with weakening labour market conditions.	Wage Price Index	4¼	3½	3¼
Employment to fall in 2009-10, as the economy contracts moderately.	Employment	2¼	-¾	1¼
Unemployment rate to rise throughout the forecast period as employment falls.	Unemployment rate (year-average)	4¼	6½	7¼

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

2. Chain volume measure, 2006–07 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 change in gross state product.

e. Estimated actual.

f. Forecast.

Source: Queensland Treasury.



Queensland
Government

State Budget 2009–10

Budget Highlights

www.budget.qld.gov.au