
APPROPRIATION BILL 2008

(Second Reading Speech, 3 June 2008)

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Mr Speaker, I move that the bill be now read a second time.

Mr Speaker, “the duty of placing before the [House] the annual review of the finances of the State and the Estimates for the current year imposes, on this occasion, a more difficult task than usual.”¹

So began the Budget Speech in 1915. It serves also to introduce the Budget of 2008-09.

It is my unique privilege to present the first Budget of the Bligh Government.

It is a Budget that sets a course for a government determined to meet the challenges of the future.

This is a Budget that looks beyond tomorrow and out to the horizon.

It describes our priorities and reflects our commitments.

To delivering front line services.

To building infrastructure.

To delivering a massive boost to our health and hospital system.

To helping out Queenslanders most in need – the vulnerable and the elderly.

¹ Hon E G Theodore, Hansard, 13 October 1915.

To tackling climate change.

And to improving housing affordability for the next generation.

It is a Budget that looks beyond today to the Queensland of the future.

We have framed this Budget against challenging times. An unprecedented credit crunch hit global finances as the fall out from the US sub-prime mortgage crisis washed around the world.

And our drought stricken state was soaked by flooding rains.

Interest rates were hiked and smashed demand in the economy, as demand for services and infrastructure escalated in our growing state.

We are facing these challenges, meeting them head on and charting a course for our future.

Economic and Fiscal Outlook

Mr Speaker, Queensland has a strong economy, strong population growth, a strong balance sheet and a strong future. However, the modern Queensland economy is strongly enmeshed in the global economy.

The slow down in global economic growth has hit our nation, at the same time as inflation pressures have produced higher interest rates. We are not immune.

Nationally, economic growth is now estimated to be 3½ % in 2007-08, down from previous forecasts.

Australia's economic growth is forecast to slow further in 2008-09 – down to 2¾ %.

Queensland is again outpacing the national economy. Our estimated growth for 2007-08 is 3¾ % and in contrast to the nation, we are forecast to gather pace and grow at 4¼ % in 2008-09.

This will be the thirteenth year we have outpaced the national rate of economic growth.

While jobs growth slows nationally, our economy is set to deliver a year average rate of unemployment that is the lowest in a generation - and it is forecast to stay there, at 3¾ % in 2008-09.

This will be the fifth straight year Queensland's unemployment rate has been well below the national average and is the lowest rate of unemployment in 34 years.

Employment is forecast to grow at double the national rate.

It is not just the quantum of our growth, it's the composition of our growth that is the real story. Business investment in Queensland is forecast to grow by 9¼ %. Real business investment will have doubled to \$36 billion over the last six years.

While the cost of the flood has included mine and export disruption in 2007-08, the breaking of the drought and rising agricultural prices are expected to result in a recovery in farm incomes and see our primary industries make a strong contribution to growth. Reforms to the Department of Primary Industries and Fisheries will support this growth.

Our resource industries are experiencing unprecedented prosperity.

While mining and agriculture represent just 12 % of the output in the modern Queensland economy, they will play a strong role in achieving exports growth of 4¼ % in the year ahead.

This is the strongest rate for four years and benefits from export infrastructure expansions coming on line and improved weather conditions.

Mr Speaker, the demand for further infrastructure investment comes at a challenging time. In 2008-09, for the first time, Queensland will receive less than a per capita share of GST revenue. We will be a donor State.

At the end of the Budget's forward estimates in 2011-12, Queensland will have had a cumulative loss in GST funding of more than \$1.8 billion since the 2004 Review of the Methodology by the Commonwealth Grants Commission.

In addition, by 2011-12, the revenue foregone from the abolition of State taxes will be over \$1.3 billion.

Together this curtails our capacity to meet the funding challenges before us.

I am a strong supporter of the Federal Treasurer's initiative to engage in a comprehensive review of Federal, state and local taxation. The financing of our federation is the dominant fiscal challenge before our nation and the time to address it is now.

The quest for reform is a task that begins at home and the Bligh Government is taking a fresh approach to reform of the Queensland public sector with changes designed to deliver real savings that can be redeployed to frontline service delivery.

We are creating a new Public Service Commission, committed to reducing the number of government boards and statutory bodies, creating one amalgamated Civil and Administrative Tribunal, and have established the Expenditure Review Committee.

We have applied a productivity dividend to the non-service delivery areas of government and are redeploying the \$80 million in annual savings to frontline service delivery.

Our amalgamation of the Service Delivery and Performance Commission and the Office of Public Service Commissioner has already generated savings of \$1.5 million.

This Budget reallocates these savings to neonatal equipment and night vision goggles in rescue helicopters and to the Healthy Hearing Program for indigenous children.

One of our first acts as a new government was to comprehensively audit the Queensland Ambulance Service, where we identified \$12.2 million worth of savings to be returned to frontline service delivery.

It is a record budget for the Ambulance Service of \$455.7 million, including 250 additional ambulance officers and 145 new ambulances.

We will continue this task and expand it across government as we strive to achieve the best value for the Queensland taxpayer.

Housing Affordability

Mr Speaker, our decade of unprecedented prosperity has not been enjoyed by everyone.

Many young Queenslanders have been locked out of the great Australian dream by a property market that has risen above their reach.

Housing affordability can not be solved by any one act by any one government. But we can assist, and we will.

Through sweeping changes to our stamp duty regime any Queenslanders seeking to break into home ownership through buying a first home under \$500 000 will not pay one red cent of stamp duty.

We will immediately raise the first home owner concession to \$350 000 from the start of the financial year and then to \$500 000 by 1 September this year.

We will bring forward and abolish in full mortgage duty on day one of the start of the new financial year.

We will extend the principal place of residence concession available to all home buyers to provide further savings of up to \$750.

These reforms will mean that a Queensland couple looking to take out a mortgage and purchase their first home – whether they are in the growth suburbs of the Gold Coast or the booming city of Mackay – will save up to \$9,800 on a \$500 000 home.

They will not pay one cent of stamp duty on the purchase price, and not one cent of duty on their mortgage.

We are proposing to abolish the First Home Owners Grant and reform duty rates for homes above \$1 million to finance the cuts aimed at the Queenslanders who are seeking to break in to the property market.

Our reforms mean that for every home purchase under \$1 million – whether first homes or to families upgrading to a new home – Queenslanders will pay the lowest stamp duty in the country.

This reform is at the core of our Budget and of our beliefs as a Government.

I also announce further tax reform to reduce the impact of higher land values on tax liability, with cuts to threshold payments for land tax and a simplification of the rate schedules.

We have the highest threshold in the nation for resident individuals and our top marginal rate of 1.25 % is lower than any State.

In this Budget we will add to our competitive regime which sees the number of land tax payers in Queensland equal to about one-third of that of other major states.

In Queensland a couple could own a home on land worth more than \$1 million and three or four other average priced properties before being liable for land tax.

Tax payable at the land tax threshold will be reduced from \$1,200 to \$500 for resident individuals and from \$2,250 to \$1,450 for companies, trusts and absentees, which will ensure that the majority of land tax payers will benefit from our reforms.

On the supply side, this Budget will assist with housing affordability through the planned release of \$125 million in 2008-09 from the Queensland Future Growth Fund for social housing, as well as \$9.5 million for the Urban Land Development Authority.

Health

Mr Speaker, every government around the world of every persuasion faces the challenges of health service delivery. With an ageing population and rapid technological advancement, health costs are ever increasing.

We are facing up to this challenge with the single biggest injection ever into our health and hospital system. A massive boost of \$1.2 billion will take the Health budget to a record \$8.35 billion in 2008-09.

The capital works component of the Health budget tops more than \$1 billion.

This Budget provides funding for the commencement of the new Mackay hospital and the redevelopment of the Cairns and Mt Isa hospitals. These projects are being funded by the sale of Cairns and Mackay airports together with the sale of our 12 % stake in Brisbane Airport.

More than \$200 million is allocated towards our program of building three new tertiary hospitals in the south east corner: the Gold Coast University Hospital, the Queensland Children's Hospital and the Sunshine Coast Hospital.

\$55 million will commence the \$240 million expansion of the Robina Hospital on the Gold Coast.

A funding injection of \$7 million this year will go towards an expansion of the Emergency Department at the Townsville Hospital, while \$10 million is also provided to bring on line more beds as we fulfil our election commitment to Townsville.

The upgrade of the Rockhampton Hospital Emergency Department will continue, and more than \$15 million will be spent on the Yeppoon Hospital Redevelopment. A new community based care initiative will be piloted at Toowoomba Hospital.

The Budget also allocates \$200 million over four years to sustain increased elective surgery activity and to relieve pressure on other essential health services.

Other new funding provided includes:

- \$54.9 million over four years to meet the increased demand for medical aids, together with increased subsidies for clients of the Medical Aids Subsidy Scheme

- \$45.6 million over three years for new health technology and equipment with a further \$3.9 million over three years to enhance the Tele-Radiology Network to enable Queenslanders in regional and remote areas access to rapid response radiology reporting
- \$35.8 million to employ 50 new nurse practitioners over four years and train more nurses to work in neonate intensive care units and special care nurseries
- Enhanced Maternity Care – \$9 million over four years has been allocated to support the trial of a patient-focussed nurse-led, community-based midwifery model of care in rural and outer urban sites.

Dental health is a priority of the Bligh Government and we are also allocating \$14 million over three years to acquire nine new mobile dental clinics and refurbish the existing fleet.

We will also provide \$26 million over the next four years in support of our decision to fluoridate public water supplies – the single most important preventative health measure undertaken for a generation, which will benefit generations to come.

Assisting our Elderly

Mr Speaker, the generations of Queenslanders who have completed their working life and now rely on fixed incomes find the cost of living particularly challenging.

The Budget implements our commitment to introduce a Pensioner Water Subsidy Scheme for eligible pensioners in the south-east corner to reduce the impact of increased water price rises in the future. This scheme, at a cost of \$50 million over four years, will provide a rebate of \$40 this year, rising to \$100 in 2010-11.

This scheme is in addition to the Pensioner Rate Rebate Scheme which applies across the state and provides up to \$180 off local government rates charges.

To assist with rising energy costs the Government funds its commitment to introduce a \$2.96 million Reticulated Natural Gas Rebate Scheme for pensioners and seniors. Around 50,000 pensioner and concession card holders will benefit from the rebate, which we will index with CPI.

Today I announce the allocation of \$10.6 million to increase the pensioner and seniors electricity rebate by \$20 to \$165. The increase in the rebate at 13.8% is more than double the announced 5.3% increase to electricity prices and demonstrates our commitment to assisting older Queenslanders with rise in the cost of electricity.

Mr Speaker, many Queenslanders have a need for ongoing care and with an ageing population this proportion of the State's population will grow. To assist our seniors, the Government will change a number of State tax arrangements that apply to Queensland's aged care facilities and affect Queensland's aged persons.

We will make aged care facilities, under the Commonwealth's Aged Care Act, exempt from land tax.

We will extend the principal place of residence land tax exemption when the owner is absent due to illness or care requirements – a situation often encountered by the elderly.

These changes will ease the burden on many older Queenslanders and will be subject to appropriate safeguards to ensure the benefits reach their intended recipients. The value of these tax reforms is calculated at \$5 million in savings to older Queenslanders.

Climate Change and the Environment

Mr Speaker, dealing with climate change is not only the dominant environmental challenge of our time, it's the dominant economic challenge before us.

Pricing carbon, calibrating climate change into our economy, will have ramifications for generations to come. Denying and doing nothing is not an option to be contemplated.

The Budget will fund a new service, the ClimateSmart Home Service, to assist households to meet the challenges of climate change.

The service is modelled on the successful Home Waterwise Service – and we will make this new service available State-wide.

The new ClimateSmart Home Service – funded through the Queensland Climate Change Fund - will assist Queensland households with curtailing energy use, reducing greenhouse gas emissions and saving money on energy bills.

Residents will receive over \$250 worth of value for a \$50 fee which will include the installation of a wireless energy monitor, providing up to 15 compact fluorescent light bulbs, a water efficient shower rose per household and a comprehensive energy audit.

Climate change will have disproportionate impacts on different households and on different locations.

Accordingly, \$7.25 million has been allocated over four years for the ClimateSmart Homes Rebate Program to provide financial incentives for households and small business in isolated and remote areas of the State to implement energy conservation measures.

The Budget also provides the \$50 million planned for the Queensland Renewable Energy Fund to support the commercialisation of new technologies as well as the \$50 million planned for the Smart Energy Savings Fund.

The Funds will support Queensland businesses to implement energy efficient technologies in buildings, appliances and industrial processes.

The Funds will reduce greenhouse gases, and save business money.

Other environmental initiatives funded in this Budget include:

- the \$17 million for a structural adjustment package for commercial fishers affected by the Moreton Bay Marine Park Zoning Plan, to secure the long term health of the bay,
- \$12 million for land management under the new Cape York Peninsula Heritage Act, and
- over \$60 million in additional funding over four years for an expanded State-wide compliance program for environmentally relevant activities, including on industrial sites.

Indigenous Queenslanders

Mr Speaker, governments through history have struggled to improve the circumstances of our Indigenous population.

Determined as we are to confront this challenge, our government is tackling the root causes of disadvantage and trauma.

A new regime to tackle alcohol abuse and reduce harm, including divesting local councils of canteens to break the link between alcohol profits and council coffers, is being supported by more than \$58 million in funding over four years.

This allocation will deliver new alcohol and drug detoxification and rehabilitation programs, diversionary activities, family support programs and greater enforcement of alcohol restrictions as well as compensating councils for lost revenue from canteen closures.

We are also providing \$40 million over five years, commencing in 2007-08, for the Cape York Welfare Reform initiative, an investment in breaking the cycle of generational disadvantage.

We are increasing our funding to those most in need – indigenous children. We will provide \$21.5 million for facilities for pre-Prep programs for children aged between three and a half and four and a half in indigenous communities.

More than \$13.6 million will be allocated to build and operate four residentials to house children taken into care with another \$10.4 million to operate safe havens for indigenous children affected by family violence.

The success of the PCYC program in indigenous communities will be built upon with an injection of \$7.6 million over four years.

We don't want to just repair damage, we want to provide a future for our indigenous population. A healthy future, a safe and economic future that recognises unique cultures.

New funds will support improved land management and tenure reform to promote economic development and enable the provision of essential infrastructure on Aboriginal and Torres Strait Islander lands.

An additional \$4.7 million will be provided over three years to support the growth and development of the vibrant Aboriginal and Torres Strait Islander arts industry – a pathway to prosperity for the future.

Safer Queensland Communities

Mr Speaker, prosperity provides opportunity. Opportunity allows for potential, and we aspire to safe and supportive communities to nurture that opportunity.

This Budget sees funding to the Queensland Police Service increase by \$134 million to \$1.57 billion in 2008-09, a 9 % increase.

An extra 200 police will ensure we maintain our election commitment to having a police to population ratio at national levels. An initial \$3.5 million over four years is provided to the Office of the Director of Public Prosecutions to increase the number of prosecutors. An assessment of future resourcing of the DPP is an early priority this financial year. The State Coroner also receives a funding increase.

Construction on the new \$600 million Supreme and District Courthouse in Brisbane will commence.

In addition, this year sees construction start on the new South East Queensland Correctional Precinct near Gatton with \$196 million in this Budget.

The \$445 million expansion of Lotus Glen Correctional Centre in Far North Queensland will also commence and \$11.4 million is allocated for the purchase of land and detailed planning for increased youth detention capacity at the Cleveland Youth Detention Centre in North Queensland.

Transport Infrastructure and Congestion Busting

Mr Speaker, strong population and economic growth, particularly in South East Queensland, is putting increasing pressure on our roads and public transport. It's adding to costs within the economy, and costing commuting families precious time.

We are in the midst of the single biggest program of infrastructure upgrades: roads, tunnels, busways, bridges, extending and duplicating rail-lines.

It's a program that reaches across the State.

More than 40,000 cars will be travelling a day on the \$543 million Tugun Bypass, opening this week – 6 months ahead of schedule.

250 buses are running beneath our city centre through the \$333 million Inner Northern Busway tunnel, opened ahead of schedule.

Queenslanders can see the \$980 million we have spent on the Gateway Bridge duplication and upgrade so farand we will spend half a billion more this year as the bridge climbs above the ground.

You can see the \$68 million we have spent on the Houghton Highway duplication ...and we will spend \$150 million in this Budget as the bridge stretches over to Redcliffe.

You can see the \$52 million on the Caloundra Road upgrade ...we will spend \$27 million to finish this year. And we'll finish the Pacific Paradise interchange and David Low Way access on the Sunshine Motorway with \$32 million this year on top of the \$52 million we've already spent.

You can see the \$21 million spent building the new Hospital bridge in Mackay ...and we'll spend \$11 million this year to finish it along with \$66 million on the Forgan Bridge.

You can see the \$76 million spent on the Townsville Ring Road already... and we'll finish it off this year with \$42 million in this Budget.

This year we will ramp up our spend on transport infrastructure to service the Western Corridor – the growth corridor of the south-east corner.

We will allocate \$200 million to the widening of the Ipswich Motorway.

A massive \$254 million will see the work on the Darra to Springfield transport corridor – duplicating the Centenary Highway and duplicating the rail line to enable the extension to Springfield.

Twelve new three car train sets will arrive this year as the Budget funds \$162 million over the next four years for an order of 58 new three car units for future years. That's more train carriages on the line to cope with demand increases.

More than \$168 million will be pumped into the Translink public transport system to pay for more services including funding for 90 new buses for Brisbane this financial year.

\$10 million will be set aside next year to pursue strategies including proven initiatives which promote public transport, cycling and walking.

Delivering on Infrastructure

The Budget's record \$6.968 billion transport and roads capital works program heads up the single biggest infrastructure funding program ever financed in this State.

This year the capital budget is a massive \$17 billion – up 21 % on last year's budget.

That's \$17 billion to be invested over the next 12 months across our state.

To put that in perspective, on average other states will spend \$733 per person on capital works in 2008-09. This budget provides for Queensland to spend \$1,541 per person: more than double.

Today Mr Speaker, following a major review, the South East Queensland Infrastructure Plan and Program for 2008-2026 is released.

The Plan provides for expenditure of \$107 billion over the period with the highlights including:

- \$83.5 billion on road, rail and public transport
- \$8 billion on water infrastructure
- \$3.5 billion over five years on energy projects, and
- \$12 billion in social and community infrastructure.

A massive task – the \$9 billion Water Grid – has a watershed year. More than \$2.2 billion is being invested in this Budget to finish:

- The \$900 million Southern Regional Pipeline to be fully operational by the end of November
- The \$2.5 billion Western Corridor Recycled Water Project to be completed in December
- Stage 1 of the Northern Pipeline Interconnectors to be completed by December, and
- the \$1.2 billion Gold Coast Desalination Project at Tugun to be fully operational by January 2009

and we will continue the work on other vital projects such as the Traveston Crossing Dam.

An improved export performance for next financial year comes on the back of capacity enhancements in export infrastructure, including our \$5.4 billion Coal Transport Infrastructure Investment Program.

We have already invested \$96 million in the expansion of the Abbot Point Coal Terminal to 21 mtpa which opened in November. We have already announced approval for the next stage through to 25 mtpa at a further cost of \$95 million and today I announce that we will double capacity at Abbot Point Coal Terminal to 50 mtpa in a massive \$818 million project.

This investment, supported through the Future Growth Fund, is an investment in exports. It's a vote of confidence in our resources sector and demonstrates our commitment to accelerating expansion.

We are also giving the green light to a \$107 million project to upgrade the Mt Isa rail link to improve export efficiency for the Northern Minerals Province.

This year QR will invest \$400 million on the Jilalan Yard Upgrade in central Queensland, and more than \$300 million on upgrading the locomotive and wagon fleet.

The booming Bowen Basin will be further supported with a \$150 million commitment to roads building, including an upgrade to the Dawson Highway at the Calliope Range and work on the Leichhardt Highway to improve flood immunity and safety.

As our economy powers forward, our energy sector will invest \$3.1 billion in the statewide network as we build for growth.

Mr Speaker, we are right in the middle of the resources boom, and that requires a boom in infrastructure spending. We are committed to sustaining that prosperity, and for all of Queensland to share in that prosperity.

State Royalties Reform Package

Mr Speaker, the people of Queensland, as the owners of the resource, should receive a fair share of the resource value of our minerals.

The mining industry is experiencing boom times at the moment – suggesting our mineral wealth has been undervalued in the past.

The Government has examined all of Queensland's royalty arrangements, many of which have been in place for many years.

Profitability of mining is soaring as is the value of Queensland's mineral wealth. Coal prices in particular are sharply increasing, trebling in some cases. There is also an expected moderation in prices in future years.

Recent significant increases in contract prices for export coal have greatly increased the value of our coal resource. This Budget introduces a coal royalty rate structure designed to increase the return to the Queensland community as the value of coal increases.

A new two tier royalty for coal is to be introduced. The current 7 % rate will apply to the value of coal produced by a mine below \$100 per tonne and a higher 10 % rate will apply to the value of coal above \$100. Should coal prices drop below \$100, the existing 7 % rate will apply.

New arrangements for base metals – which have also experienced sharp increases in value of up to 469 % since 2000 – will also be implemented.

These new arrangements will ensure Queenslanders receive an appropriate return for their mineral wealth, help sustain the infrastructure to sustain export growth and help sustain the communities growing with the growth in mining.

Our reforms will also make the clean coal levy deductible for royalty purposes, and backdate that to 2007. This recognises the need to focus on calibrating climate change into our economy, to meet the imperative of sustainability.

A range of new spending – from construction of a new drill core facility in Mt Isa to additional mining inspectors to additional specialist staff at SIMTARS – demonstrates our commitment to supporting the ongoing prosperity of our resources sector.

Growing the Queensland Economy

Mr Speaker, with this infrastructure spend and our fiscal strategy aligned to the State's economic outlook, we are charting a course for future growth.

We have long maintained not only a lead on other states when it comes to growth and to capital works, but also when it comes to our taxation regime. As we meet the challenges of financing improved services and our infrastructure spend, we seek also to maintain our competitiveness.

Small to medium sized businesses stand to benefit from the total abolition of mortgage duty and land tax reforms outlined earlier.

Queensland currently has a highly competitive payroll tax regime – among the highest thresholds in the country - at \$1 million - and the lowest tax rate in country - of 4.75 %. Roughly 1 in 10 business in Queensland pays payroll tax.

Today I announce a further reform, and a policy commitment to seeking to adjust this setting each Budget I deliver.

The current threshold phases out at \$4 million. This will be increased to \$5 million from 1 July 2008. This change will benefit over 40 % of employers currently paying payroll tax.

Queensland will retain its competitive tax status with per capita state tax estimated at \$2,342 in 2008-09 compared to an average of \$2,616 for the other states and territories.

It affirms our competitive edge, as we finance the biggest expansion in our State's history.

Budgeting for Surpluses

Mr Speaker, as Members will be aware, Queensland has financial assets set aside to meet future employee superannuation and other obligations. These funds are invested with Queensland Investment Corporation.

While the intention is that these funds earn a long term average rate of 7.5 %, the actual returns have fluctuated between minus 5 % and plus 21 % over the past seven years.

The returns on these investments are not available for other purposes. However, movements in investment returns have had a significant impact on the Budget's headline operating balance, although not its capacity to fund services.

The Government has decided to transfer the financial assets set aside to meet future employee and other obligations to the Queensland Treasury Corporation.

The transfer will allow Queensland to remove the earnings volatility from the Budget's net operating balance in the General Government sector. The funds will continue to be reported in the Report on State Finances, tabled in the Parliament annually and signed off by the Auditor-General.

This change has been discussed with ratings agencies, Moody's and Standard and Poors, who support the move and have confirmed this reform will not in any way jeopardise our AAA credit rating.

Last year's Budget forecast an operating surplus of \$268 million for 2007-08. This was revised down to \$213 million at the Mid Year Economic and Fiscal Review, which noted explicitly that our investment earnings were then below the 7.5 % long term average assumed in that report, and in Budgets before it.

The headline estimated actual outcome for 2007-08 is a deficit of \$995 million. This is due to the buffeting of our investment returns from the fallout of global financial turmoil with returns to mid-May of 2 % rather than the long term average of 7.5 % achieved.

The estimated actual result for the 2007-08 underlying surplus is \$272 million, marginally above the original Budget forecast.

The Budget I present today, with a record infrastructure spend, with a record injection into our health and hospital systems and with our tax reforms to stamp duty and other taxes paid for, is framed with a surplus in 2008-09 of \$809million, the second highest budgeted surplus in a decade.

The strength of that forecast is very much built on the upside from our resources sector, and accordingly the forecast surpluses are moderating over time as prices are expected to moderate.

The strong surpluses I am budgeting for in 2008-09 and 2009-10 will greatly assist in funding our record capital program.

Under our legislated Charter of Social and Fiscal Responsibility, responsible borrowings may only be undertaken for investment in capital expansion – like long term infrastructure.

We will continue with our strategy of modest, responsible and economically appropriate borrowings in this Budget.

Our interest expense on Budget in 2008-09 will be just 1.5 %. It will grow modestly as we expand exponentially to average 2.4 % of revenue over the full forward estimates forecast period.

In fact, our planned borrowings of \$2.9 billion in 2008-09 are significantly lower than we forecast for 2008-09 in last year's Budget and at the Mid Year Review. Estimated net borrowings on Budget of \$2.9 billion will finance the \$6.65 billion capital program in the General Government sector.

Every business I know, every family I know, would love to have an interest expense of just 1.5 % of revenue. This fiscal strategy underpins our economic strategy and its soundness is demonstrated in our continued prosperity.

Our Government Owned Corporations will also undertake responsible borrowings – underpinned by commercial undertakings. They do as other businesses do. They will have a capital structure that recognises their operating environment.

Our financial assets will continue to exceed our financial liabilities in the Budget Sector: the fact is the Queensland Budget has no net debt. Our debt levels are sound, responsible and we maintain our AAA credit rating. We equally maintain a critical assessment of our balance sheet, with a constant guiding principle of seeking maximum advantage for the Queensland taxpayer.

And looking to the future

Mr Speaker, we passionately believe in opportunity, in giving every child every chance to prosper.

It's not just economics – its our passion.

We are funding for growth and for the future.

Our investment in education and training tops \$6 billion for the first time.

We will expand our teaching and teacher aide workforce by 270 this coming year, as we meet the task of educating the next generation of Queenslanders.

The Budget provides for a \$100 million 2 year injection into school maintenance through the Tomorrow's Schools initiative.

That will spike maintenance spending, recognising that many of our schools are older than our federation. As anyone who owns a Queenslander knows, with heritage comes obligation.

Beyond the normal capital program funded each year for education, we are funding two new schools both on the northern parts of the baby booming Gold Coast.

\$56 million will build a new primary school at Western Oxenford and a new High School at Ormeau.

In fact, three of the four new schools to be funded in this Budget are on the Gold Coast.

The fourth school – a new primary school in the North Lakes area – will be in addition to an announced primary school in Ormeau around Norfolk Village.

The students of these new schools will enter a system graduating a generation of school leavers moving into an employment market not seen before.

That requires an investment in skills, in post school qualifications. Our future lies in the Smart State. That's where our economic future lies – in skills enhancement, in investing in human capital.

The Budget recognises the immediacy of the skills challenge – with additional funding of \$43.4 million over four years to increase apprenticeship and traineeship training places with over 7,500 places in 2008-09.

The Budget provides \$50 million over two years, commencing in 2009-10, for the development of specialist trade campuses at Acacia Ridge, Mackay and Townsville.

While we arm ourselves with the skills in demand, we need also to look beyond immediate demands and look to the future over the horizon.

Not just in skills development, but in the demands of our community. Of an ageing population, of a community with changing expectations and changing demography.

Of a Queensland community where the most common type of household is no longer parents and the kids. The makeup of homes throughout the State will dramatically change with couples without children and lone persons households overtaking couples with children by 2011.

Where we will live longer, have fewer children, and later. Where medical technology will greatly enhance quality of care for illness, while rates of illness are expected to greatly increase.

Our abiding commitment to increased disability services funding goes to the core of our Government's beliefs. This year we will increase the budget for Disability Services Queensland to \$1.23 billion - a 14 % increase.

This Budget will provide Disability Services Queensland with \$99 million over four years to increase early intervention and other support services available to people with a disability in Queensland.

This is about supporting people with a disability – and their carers, their families – to avoid crisis.

To provide for sustainable living in the most nurturing environment, within their own homes and amongst their loved ones whether their disability is physical or mental – this funding is not about least dollar cost, it's about least cost to individuals and their families.

We will also increase the budget for the Department of Child Safety – which will be \$592 million in 2008-09.

More than \$15 million is allocated to recruit 40 new frontline child safety workers along with additional support for existing workers at the coalface.

An additional \$14 million is allocated for family early intervention services to help avoid the incalculable human cost of family breakdown and harm to children.

Across Government we face the challenge of meeting the demands from growth – in every service, and in every way.

As we seek to meet that demand we are quarantining funds for front-end solutions that can avoid all the costs of back-end fixes – both human and economic.

I announce a \$70 million allocation over four years for a new Prevention and Early Intervention Incentives Pool.

The funding will be allocated to departments on a contestable basis for innovative projects where there is the potential to improve longer term outcomes – not in immediate raw dollar terms, but in the currency more relevant to our central beliefs as a Government: in the avoidable human cost of suffering, breakdown, abuse or harm.

The fund will be an incubator of policy innovation and looks beyond the immediacy of this Parliament's challenges and focuses on a longer term view. We are investing today, for the benefit of our tomorrows.

Conclusion

Mr Speaker,

This Budget funds the frontline services to meet today's demands.

It funds a record injection into our health and hospital system.

It is delivering on infrastructure today for tomorrow.

It smashes stamp duty for Queenslanders trying to break into home ownership.

It looks to the future challenges of a growing State with a global outlook.

It confronts the central challenge of our times: climate change and its impacts on the household.

It provides for Queenslanders to receive a fair share of our resource value.

It uses that dividend to provide services and infrastructure for all Queenslanders.

This Budget recognises our circumstances – smack bang in the middle of an unprecedented boom.

The decisions we make as a community right now matter. We are charting a course for growth, for a new Queensland not even imagined just a few short years ago.

It is the first Budget of the Bligh Government. It lays down our priorities for the future well beyond electoral cycles.

We look to the longer term and to the need to invest now and take on the huge tasks before us.

We look forward with confidence, commitment and courage as we seek to include all Queenslanders in our bright future.

I commend the Bill to the House.