

State Budget 2010–11

Budget Speech Budget Paper No.1



Queensland Government

2010–11 State Budget Papers

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This suite of Budget Papers is similar to that published in 2009–10.

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Budget Speech
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APPROPRIATION BILL 2010

(Second Reading Speech, 8 June 2010)

TREASURER

The Honourable Andrew Fraser MP
Treasurer and Minister for Employment
and Economic Development

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Mr Speaker.

Twelve months ago, this Government took the decision to fight for jobs, above all else.

We made some tough choices. About what to do, what not to do anymore, and what's in the long-term interests of Queensland.

In this State Budget we report back and recommit ourselves to our true task, providing Queenslanders with a chance at the dignity of work.

It's what we have always believed in. It's what we said we would do. And it's what we are delivering.

This is Labor's first commitment and our calling.

It guides us and drives us, just like our determination to offer a quality education system for all children and to provide state-of-the art hospitals for the care of our sick.

The fair go ... the advancement of all, regardless of where you line up at the start.

And in a world still riven with uncertainty, it is these fundamental beliefs that drive the Bligh Labor Government, and underpin the 2010-11 State Budget.

As global markets continue to shudder, we stand steadfast and determined.

For we know that our task today in 2010 remains as pressing as it was in 2009.

We must build, nurture and drive our economic recovery.

We must prepare for the future.

We must keep our shoulder to the wheel.

It is our desire to protect the lifestyle and livelihood of Queensland families that fuels our determination to deliver on our reforms.

The 2010-11 State Budget shows the architecture of our reforms, and the genesis of the Queensland recovery.

Mr Speaker,

The Budget I hand down today shows that the Bligh Labor Government's economic strategy is delivering.

This Budget delivers lower deficits, lower debt, higher growth and more jobs.

It provides for more essential services, and the investment in the infrastructure our growing state needs.

Our strategy is fuelling growth in the economy, and delivering on Labor's promise to create more jobs, sooner.

It is a strategy that applies a strong fiscal discipline, while lending a helping hand to Queenslanders who need it most.

It is a strategy that sees the balance sheet strengthened, as we build a stronger, more robust economy.

And it is a strategy not yet fulfilled, as we strive to build tomorrow's Queensland.

THE ECONOMY: BUILDING A RECOVERY AND GENERATING JOBS

At last year's Budget we forecast the Queensland economy would contract in 2009-10. This mirrored the forecast for the Australian economy by the Commonwealth Treasury.

As the first sustainable signs of recovery began to build this forecast was upgraded at the Mid-Year Review to positive, albeit marginal, growth of 1%.

The Budget today confirms the recovery underway, with estimated growth for 2009-10 now 3%. While this growth remains below trend, it does outpace the national estimate of 2%.

Central to this result has been our investment in our building program and the strength of our export sector.

Our building program represented almost 7% of the state's economy in 2009-10 and supported the jobs of some 120,000 Queenslanders.

Most importantly we have delivered jobs growth for this financial year, where previously job losses were forecast.

Our determination to elevate the jobs of Queenslanders above all else has delivered where it matters: avoiding the heights of expected unemployment and reducing the impact on Queensland families from the devastation of job loss.

As we oversee the recovery now underway we look forward to accelerating jobs growth of 2¾% for the 2010-11 financial year.

This forecast is expected to outpace population growth and thus begin to drive unemployment down.

Our determination to deliver a net new 100,000 jobs by March 2012 has never wavered.

Central to that promise is our commitment to building.

Building means jobs, which is why in 2010-11 we will invest \$17.1 billion in infrastructure.

It is an investment in jobs, it is an investment in local economies, and it is an investment in the future, as we cater for the demands of our growing population.

Mr Speaker,

The recovery underway has delivered additional revenues. At the delivery of the last Budget we adopted new fiscal rules to guide our recovery.

The rules were tough, and deliberately so. As the charter report within the Budget Papers details, we are delivering improved results. Expenditure constraint through the last financial year has helped deliver a materially better result.

We have met the zero net real per capita growth discipline for this financial year. Despite the high cost of natural disasters we are determined to meet it again in 2010-11.

The revenue wipeout still stands at more than \$7 billion dollars as we rebuild. Transfer duty receipts from property still aren't expected to recover to their 2007-08 level until 2013-14.

The task has not been easy, but we are seeing the results.

The forecast deficit for 2009-10 has been reduced to \$287 million, or 0.1% of gross state product, down from the Mid-Year review forecast of \$2.3 billion.

The deficit position across the forward estimates has been significantly reduced, with the deficit halved in 2010-11 to \$1.74 billion from the \$3.46 billion forecast last Budget.

Previously deficits totalling to \$11.3 billion to 2012-13 were forecast. The job of repairing our position is well and truly underway, with that figure reduced by \$6.3 billion.

Last year's forecast for a return to surplus has been brought forward. We are now on track to deliver a solid surplus in 2015-16, in accordance with our charter.

With continued discipline we can see a return sooner. It will require all our resolve, something we have in spades.

Last year an efficiency dividend was introduced across the government and harvested upfront. This has required agencies to look at expenditure and make savings in their operations.

This Budget continues this dividend and increases it by \$57 million as we continue our drive to direct funds to the front-line, where they are needed most.

HELPING QUEENSLAND HOUSEHOLDS

Last year we asked a lot of Queenslanders.

Tough decisions were required. And while a recovery is underway, we recognise that many are still doing it tough.

Inflation and rising interest rates are putting household budgets under pressure.

Our drive for greater budget discipline has not dampened our efforts to provide relief for Queenslanders where we can.

Our Compulsory Third Party Insurance scheme has operated well. CTP today is still lower than it was in 2003.

However in recent times insurers were all filing at the ceiling set by the Motor Accident Insurance Commission - reducing price competition.

In March I announced a review, to ensure the scheme was operating to benefit motorists given rising costs.

Today I announce that the CTP ceiling will be reduced by \$24 from 1 October.

The review will ensure that motorists don't bear the costs of commissions paid to other parties, including motor dealers, and will also bring forward the abolition of a levy surcharge put in place after the collapse of HIH.

This relief will apply across the board, including to pensioners who will continue to enjoy a full 50% discount on their registration: a concession that this year is worth \$90 million.

We are determined to give Queensland families some relief – and this measure will help households and assist in keeping our CTP regime competitive and consumer focused.

Rising electricity prices in particular make it tough for some of our most vulnerable Queenslanders.

Lending a helping hand to those in need is fundamental to our core beliefs.

The Budget I deliver today will increase the electricity rebate for pensioners and seniors from \$190 to \$216 per household at a cost of \$50.4 million over the next four years.

The Budget also delivers a new \$6.7 million subsidy program to assist those vulnerable Queenslanders whose medical condition requires the extra use of air-conditioners, such as sufferers of multiple sclerosis.

A helping hand to those that need it most - as is our calling.

The Budget includes a \$1.6 billion budget in the disabilities portfolio, including an extra \$72 million over four years to provide additional support to those with a disability and their families, including two new autism services in Mackay and Bundaberg.

\$28 million from these funds will go towards helping those with spinal cord injuries while \$21 million is provided for young people transitioning out of school.

A major new \$45 million four year program is being introduced in three pilot sites to provide secondary services in our child protection system. Along with the allocation of \$12 million for additional frontline workers, this allocation will boost the system that supports those who most need our care and protection.

Mr Speaker,

In recent times the government has extended a land tax exemption to aged care facilities. Today I announce a new exemption to providers of supported accommodation for people with high care needs - services which house some of our most vulnerable Queenslanders.

I also announce a new tax exemption measure to assist Queenslanders with a disability, by excluding homes purchased through a disability trust from stamp duty.

Individually, these measures are modest, but they target assistance to some of our most deserving Queenslanders.

In total, this Budget provides around \$1.3 billion worth of concessions to Queenslanders in need.

The protection and expansion of these concessions is a direct result of the reform program we have implemented.

It's the dividend for the community, from the economic strategy we put in place.

A SUSTAINABLE FUTURE BY DOING THE BRIGHT THING

The future of our environment and our sustainability are central to our government's policy agenda.

Queensland has enormous potential to develop solar energy and secure not only the environmental dividend, but support new industries of the future and the green jobs possible.

The Budget adds to our commitment to the solar industry through new measures, including:

- our new \$60 million Solar Hot Water Scheme which provides a subsidy of up to \$1000 to assist Queenslanders cut their power bills, and reduce the costs on our environment
- \$5.8 million Solar Kindy Program to install solar power at kindergartens
- \$35 million for the solar boost project at Kogan Creek.

Renewable energy reduces our call upon the resources of the planet, and so too can a concerted effort to recycle waste and reduce landfill.

The Government will introduce a new waste reform strategy to reduce waste and improve recycling levels. A commercial waste levy will apply from 1 July 2011 across 34 council areas along with a commitment to provide:

- \$159 million over four years to assist business and the community to reduce waste and implement the strategy
- \$120 million over four years to assist local governments introduce waste reduction infrastructure and programs.

All other mainland states of Australia have introduced a levy and we are in danger of becoming the dumping ground for other states without acting.

Unlike other states, funds from the levy will not benefit the budget bottom line. Every last cent will be put towards waste programs and environmental initiatives.

As a government we have committed to increasing our protected estate by 50% by 2020.

The Budget also funds programs to support the acquisition of National Park estate and habitat for koalas at a total of \$80 million over the next four years.

This Budget provides the down payment on expanding the estate and dedicates future proceeds from the levy to protect more of our environment through programs such as the acquisition of further national parks.

Our natural heritage is vital to the nation's heritage.

It's vital also to industries like agriculture and investment in our biosecurity and our biodiversity are investments not only in our environment but in our economy.

The Budget also makes new investments in Hendra research and fire ant eradication to protect and preserve our biosecurity - so vital to our state and indeed to the nation.

INVESTING IN THE FUTURE: GIVING YOUNG QUEENSLANDERS A FLYING START

Mr Speaker, education is the cornerstone of our society, and the key to our future prosperity.

It is a core belief, and central to our strategy as a Government.

Our investment in education and training in this Budget will climb by almost \$300 million this year.

This includes funding for up to 316 new teachers and teacher aides, as we deliver on our election commitments.

We will open five new schools for the 2011 school year, as this Budget funds the construction of new schools to meet our future growth.

Giving young Queenslanders a flying start through our commitment to build 240 kindergarten services is central to our investment in education.

We will bring forward the construction of an additional 40 kindies to be opened by 2012, bringing total new services to be opened by then to 108.

By taking the tough decisions we can make the investments that really matter – into schools and kindies to prepare young Queenslanders for their future.

We have listened to employers, and are working to avoid a repeat of the terrible skill shortages in growth sectors.

As the recovery builds, so does the need to get more Queenslanders to take up a trade, to get more Queenslanders to upskill, to get more Queenslanders contributing to the growth of our economy.

The Government will overhaul the skills system in this state through the creation of a new Skills Commission to drive investment in the skills the economy demands, particularly for industries like LNG.

We will also maintain the nation's lowest payroll tax rate, and today I also announce an extension of our 125% payroll tax rebate for apprentices and trainees, as we support those businesses that are investing in skills for the future.

We are also co-investing with industry in a \$10 million program to train thousands of workers needed for the new Coal Seam Gas and Liquefied Natural Gas industries.

Investment in innovation, along with new industries, remains central to our economic agenda. A new two-year, \$2.5 million innovation vouchers program will provide Queensland firms with the opportunity to access assistance to develop their business.

Our economic reform agenda remains firmly committed to investing in innovation and skills and developing new industries for the future, to deliver the jobs of the future.

INVESTING IN HEALTH AND HOSPITALS

Five years ago our health budget was \$5.35 billion.

It is hard to imagine that the budget could ever reach \$10 billion – but this year the Queensland Health budget stands at \$9.99 billion.

It has been, and remains, the single biggest budget allocation, and a key priority for this Government.

This year we will add another 1,200 doctors, nurses and health professionals to the front-line workforce.

Our record health building program, delivering 22 new and redeveloped hospitals across the state, continues with an allocation of \$1.6 billion this year.

New hospitals in Mackay and the Gold Coast are under construction, redevelopments in Cairns, Townsville, Rockhampton and Bundaberg are underway.

This Budget provides funds of \$137.7 million for new capacity and new services on the Sunshine Coast over the next four years, as well as locking in the funds for the new Sunshine Coast University Hospital due to open, as we committed last year, by 2016.

Our investment in health across the state also sees the Budget commit \$374 million for new regional cancer services across the state, as we partner with the Australian Government to invest in our health system.

In this Budget I also announce a new initiative to assist Queenslanders who suffer from chronic pain, with a new four-year, \$39 million initiative to provide four new persistent pain clinics.

Mr Speaker,

Queensland led the way in testing newborns for hearing loss, with universal screening now available.

For families who discover their newborn child suffers from hearing loss, the prospect of a cochlear implant can represent hope.

Cochlear has recently announced its intention to expand its facility and production here in Queensland and today I can announce new funding to provide more implants for more children and more funding for the Hear and Say Centre.

We will invest an additional \$16.5 million to double the number of cochlear implants and expand children's hearing services over the next four years.

It is through investment in research that the Cochlear implant has helped change lives.

We have committed more than \$3.6 billion over the last decade to drive innovation and research, and we continue our commitment with an additional \$31 million for medical research in this Budget.

The challenge of an ageing population and increasing medical technology costs requires us to undertake long-term reform to our health system.

This year the federal government's specific health funding allocation to Queensland is \$2.7 billion. The balance of this \$10 billion commitment is met by the state from GST and other state revenue.

Queensland has signed up to the new health funding arrangements which dedicates a proportion of the GST to be locked in and the Commonwealth to fund the majority of growth.

Dedicating the GST towards this task reflects the current reality. And doing so harnesses the Commonwealth finally recognising its obligation to be the dominant funder of health into the future.

Given the Commonwealth collects 80% of all tax revenue in this nation it should and must be the dominant funder of health.

This Budget also delivers through the funds we negotiated as part of the health reform deal before the GST lock-in, including:

- \$150 million for emergency departments
- \$160 million for elective surgery
- \$327 million for sub-acute care.

Funding health has to be the first priority of government. It is the first priority of the Bligh Government and this Budget demonstrates our priority and the choices we have made.

BUILDING FOR GROWTH, FOR TOMORROW'S QUEENSLAND

One vital statistic which has not been subject to the volatility of recent years has been our sustained population growth.

The forecast once again is that another 100,000 Queenslanders will call our state home through the next financial year.

That means we need to cater for that growth. And we are determined to guide the growth for the benefit of all of Queensland.

A growing population requires a commitment to building infrastructure and providing new services.

The Budget delivers the frontline services needed – 203 extra police, 316 new teachers and teacher aides, 1200 doctors, nurses and allied health professionals.

We are also delivering a \$17.1 billion building program as we build Queensland's future, and re-build our economic strength.

Our building program is delivering the support our economy needs today – and the infrastructure needed for tomorrow.

We need to target a building program that matches both economic imperatives and fiscal requirements. We should not yet step back.

This Budget sees new projects funded, and others on the drawing board brought onto the books, and ready to commence.

Projects like the \$450 million Police Academy will go to the market in 2010-11, to ensure a pipeline of projects is delivered to help sustain our vital construction industry while private investment remains constrained by credit conditions.

As the massive \$1.8 billion Gateway Bridge duplication and upgrade project heads towards the finish line, the Government has committed to the \$240 million Gateway Upgrade South extension, which will deliver 6 lanes non-stop between Nudgee and Nerang.

The Port of Brisbane Motorway upgrade will also commence this financial year, with a funding commitment of \$330 million allocated.

We will complete the \$315 million Ted Smout Bridge to Redcliffe, the \$148 million Forgan Smith Bridge in Mackay and construction on the \$190 million Port Access Road in Townsville will continue.

One of the defining characteristics of the Queensland economy is its regionalised nature.

No two are the same, and across the board we are committed to providing the infrastructure our communities deserve.

There is no doubt that the Cairns region has done it tougher than many in recent times. That's why we put in place a \$116 million stimulus plan last year.

Today I announce our commitment to financially supporting the construction of a new Cairns cultural precinct.

The Budget sees \$42.5 million allocated in land and funds towards this project, which has been proposed as a partnership between the Cairns Regional Council and the federal government.

We are committed to this project – for the long-term benefit of the Cairns economy.

The Budget includes our commitment to the \$96 million new marine precinct in Townsville while funds are also allocated towards the Mackay Showgrounds and towards the next stage of the Rockhampton Riverbank Redevelopment.

Regional growth is also supported through a commitment to fund new access for the development of the industrial precinct at Gracemere, while funds are allocated to support airport upgrades in key regional centres such as Roma, Toowoomba and Bundaberg.

We will also fund key roadworks in regional Queensland, including an investment of \$4.6 million in the Carnarvon Highway between Injune and Rolleston.

Our housing market is showing the first signs of recovery and we have led the way in abolishing mortgage duty and stamp duty for first home buyers of homes up to \$500,000.

We have targeted the first home owner grant to homes under \$750 000 to ensure it goes to those who need the assistance.

This Budget also includes a new Regional First Home Owner Boost, an extra \$4,000 on top of the existing state funded \$7,000 First Home Owner Grant.

This boost brings to \$11,000 the assistance provided by the state for those building new homes outside the south east corner.

The regions of Queensland helped build the Queensland of today.

We are a government that remains committed to the whole of Queensland, and this is a Budget that continues to deliver for regional Queensland.

CONCLUSION

Mr Speaker,

The Budget I present today is Queensland's 150th Budget.

A century and a half ago the first Budget of Queensland catered for six hospitals and two schools. The total health and education budget allocations comprised about 3% of the expenditure.

Today I present a Budget for a Queensland with 184 hospitals and health facilities and 1250 schools, which sees nearly half of the entire budget allocated on health and education.

Today I present a Budget for a very different Queensland.

The modern Queensland reveals the change and dynamism that has been at the core of our development and our prosperity.

It's not accidental, it's required leadership throughout our 150 years.

That much hasn't changed.

Now remains the hour for this Labor Government to lead from the front, like Labor Governments have proudly done throughout our nation's history.

With the courage to change. With the capacity to endure.

And with our eyes firmly on the future...

... firmly on the future of working class kids getting the best start in life because we invested in kindies, in prep, and in reducing class sizes – not in dedicated coal track for coal companies who pay for their own in other states.

... firmly on the future of kids born profoundly deaf getting access to a cochlear implant to change their whole world and make everything possible again – not the future of a commercial timber business milling pine for woodchip.

... firmly on the future jobs for the next generation of Queenslanders as we invest in the State's new industries and new technology to create the jobs of tomorrow and provide the ultimate dignity for the individual - work.

Mr Speaker,

We have made our choices. This Budget again reflects them. They are the choices of a Labor Government in the best traditions.

We are a proud government, determined to continue the legacy of Labor in building a modern Queensland.

We are a proud government - proud of our commitment to jobs and to the workers of Queensland.

Through the tumult of the last two years, we have put the dignity of work as the guiding light for our policies.

We put job protection and job generation front and centre, and put in place a strategy to deliver.

We are delivering: this Budget delivers on our commitments.

On building an economic recovery and delivering a strong economy

On generating jobs.

On building infrastructure for the future.

On sustainable growth for all of Queensland.

On funding the front-line services.

On working to provide assistance to Queensland families and a helping hand to those most in need.

And on preparing this great state for a future it can capture, not just a reprise of its history.

To endure and prosper always require change.

We are a government determined to change Queensland ... for the future ... for a better future.

I commend the Bills to the House.

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