

Today, Queensland's Treasurer and Minister for Trade the Hon. Tim Nicholls MP handed down the LNP Government's second budget.

The [2013-14 Budget](#) aims to continue to chart a responsible path back to surplus by 2015-16, despite setbacks from recent natural disasters, while focusing on the Government's key priorities of delivering better frontline services and encouraging economic growth.

The Budget addresses many of the issues outlined in the Queensland Commission of Audit, and looks to facilitate the implementation of the Audit's accepted recommendations. (See Barton Deakin's [brief](#) on the Government's response to the Audit's recommendations for more information.)

## Overview

### *Current budgetary situation*

The Newman Government's first budget, which was handed down in September 2012, outlined a path to fiscal repair aimed at reining in expenditure and increasing revenues to return the budget to surplus. A key focus of fiscal repair is to pay down Queensland's debt, which is estimated to reach \$80.1 billion in 2014-15.

The Treasurer today said that the government believed major progress had been made, but that this progress had been hampered by ex-Tropical Cyclone Oswald and the resulting flooding. These disasters accounted for \$2.5 billion in damage and up to \$750 million in lost economic production.

The projected fiscal deficit in 2013-14 is therefore \$7.664 billion, with the Government's reform agenda paving the way for a projected fiscal surplus by 2015-16.

### General Government Sector – key financial aggregates<sup>1</sup>

	2012-13 Est. Actual	2013-14 Budget	2014-15	2015-16	2016-17
			Forward Estimates		
Revenue (\$ million)	41,785	44,677	51,235	51,838	53,205
Expenses (\$ million)	46,526	48,436	49,144	49,795	51,492
Net operating balance (\$million)	(4,741)	(3,760)	2,091	2,043	1,713
Capital purchases (\$ million)	7,397	7,130	5,653	4,394	3,751
Fiscal balance (\$million)	(8,686)	(7,664)	(244)	1,065	1,409
Borrowing (\$ million)	38,864	47,196	48,490	48,270	48,003
Borrowing (NFPS) <sup>2</sup> (\$ million)	69,490	78,125	80,147	81,137	81,465

Notes:

1. Numbers may not add due to rounding.

2. NFPS: Non-financial Public sector

Source: [QLD State Budget 2013-14: Budget Paper No.2, Table 1.1 "General Government Sector – key financial aggregates"](#)

## *Fiscal outlook*

The Queensland economy grew around 3.5 % in 2012-13, which was a reduction from the 4.0 % growth experienced in 2011-12, due to a contraction in household and business spending.

In the coming year, low interest rates and stronger population growth are expected to strengthen spending by the household sector; however the pending completion of LNG projects will see business investment fall. This is expected to result in economic growth of 3.0 % in 2013-14.

Overseas exports are set to grow strongly in future years as the LNG production industry matures.

Unemployment is initially expected to increase slightly, before a strengthening of household sector spending and increasing exports will support a reduction in unemployment from 6.0 % in 2013-14 to 5.5 % in 2015-16.

The budget has three central themes of growth, rebuilding, and resilience; and also highlights the governments continued focus on engaging with the private sector to improve frontline services.

## **Key Announcements**

### *Community Safety*

Central to the Department of Community Safety's role in the next fiscal year will be a suite of community recovery and resilience measures including:

- \$11 million over a three year period to enhance disaster management training to improve the State's preparedness to respond to natural disasters.
- The Department will also provide \$3.1 million in 2013-14 and \$2.4 million each year from 2014-15 to 2016-17 to deliver a community campaign, to improve community actions to prepare for disasters.
- Funding is also provided for the purchase of 15 floodboats to support State Emergency Service (SES) groups.

A key plank of the 2013-14 Budget was the broadening of the coverage of the Urban Fire Levy. The Levy will be known as the Emergency Management, Fire and Rescue Levy and will now apply to all rateable properties.

The Government will provide \$51.5 million in 2013-14 for ambulance facilities, vehicles, operational and communications equipment and information systems development, including:

- \$21 million to commission 155 new and replacement ambulance vehicles.
- \$9 million for operational and communications equipment.
- \$4.5 million for information systems development.
- \$7.6 million to complete the replacement ambulance stations at Calliope, Cleveland, Emerald, and Kingaroy and the replacement ambulance station and relief quarters at Tara.

The Government will also provide \$46.4 million in 2013-14 for fire and rescue facilities, urban and rural fire appliances, operational and communications equipment, and information systems development.

## *Queensland Police Service*

The Queensland Police Service has secured \$63 million to fund an additional 300 police officers recruited in the last fiscal year. The Service has also secured funding to recruit 267 police officers this fiscal year, placing the Newman Government on track to fulfil their election commitment to provide an extra 1,100 police officers over four years.

The government has also provided \$3 million to continue police helicopter services to the Gold Coast as part of a wider commitment to establish a permanent Police Helicopter Wing to service the South East corner of the State.

Also funded this budget:

- \$22.3 million in capital funding for a range of information and communication technology initiatives including \$14.5 million as part of an ongoing technology refresh and improvement program.
- The allocation of resources to continue planning security and public safety services for the 2014 G20 World Leaders' summit.
- \$26.6 million in additional operating and \$2.9 million in additional capital funding to support the continued deployment of mobile and fixed speed and red light cameras throughout Queensland .
- \$8.2 million in capital funding to continue the \$12.7 million program to replace three Water Police patrol catamarans at Cairns, Townsville and Whitsunday by 30 June 2015. These vessels will provide an effective platform for long range patrols and search operations.

## *Health*

The budget builds on the strategies outlined in the [Blueprint for better healthcare in Queensland](#) and the Queensland Commission of Audit's recommendations.

These strategies and the 2013-14 Budget help to deliver the LNP's 2012 election promises to:

1. Decentralise Queensland Health into a collection of independent entities to improve flexibility, community responsiveness and innovation, and
2. Focus on strategies, such as contestability of services, to enhance the sustainability of the health system in the face of an ageing population and increasing costs.

Queensland Health has an operating budget of \$12.326 billion for 2013-14, an increase of \$532.7 million or 4.5% from 2012-13.

Key highlights for 2013-14 include:

- Queensland Mental Health Commission - The Commission will drive ongoing reform and cultural change within the area of mental health. The goal is to create a more integrated, evidence-based, recovery-oriented mental health, drug and alcohol system.
- Cochlear Implant Waiting Lists - The government has allocated \$5.8 million to provide cochlear implants to around 120 children, adolescents and adults with moderate to profound hearing loss.

- Hospital in the Home - An additional \$28.3 million has been allocated over the next four years for additional Hospital in the Home (HITH) services to be provided by the private sector and non-government organisations.
- Backlog maintenance - The Government will provide \$327 million over 4 years to reduce the maintenance backlog in Queensland Health.
- Rural Telehealth Service - The government will provide \$30.9 million to provide a 24-hour telehealth access from participating venues to clinicians at larger hospitals.
- Rural Mental Health - The Department of Health will facilitate the provision by non-government organisations of Mental Health First Aid and Psychological First Aid workshops in rural communities declared in drought.
- Payroll system enhancements - This budget allocates additional funding of \$384.3 million over four years to continue to restore and improve the Health Payroll system.
- Queensland Health Ombudsman - The government will create a new Health Complaints reporting system including a Queensland Health Ombudsman.

### *Transport and Main Roads*

Queensland's road network has experienced severe damage, inflicted by multiple natural disasters since 2011. The Department of Transport and Main Roads' capital program in 2013-14 includes a \$276 million investment to undertake restoration activities required to rebuild a more resilient and more disaster-proof network.

The government has announced \$690 million to upgrade the Bruce Highway, including \$65 million to start the Cooroy to Curra upgrade. Additionally, Transport and Main Roads has invested in the upgrade of 12 highways across Queensland, including \$315.8 million to upgrade the Warrego Highway and \$123.1 million to upgrade the Pacific Motorway.

Public transport funding has increased by \$30 million in 2013-14 to provide bus, ferry, coach and air services across Queensland.

Other targeted infrastructure projects funded in this year's budget include \$8 million for the redevelopment of the Browns Plains Bus Station and \$10 million for new bus stations at Redland Bay Marina and Victoria Point Jetty, to name a few.

### *Housing and Public Works*

The Department of Housing and Public Works' will look for ways to deliver better and more efficient services in 2013-14 by:

- Developing strategic relationships and partnerships with agencies, suppliers and other stakeholders.
- Implementing appropriate and effective systems to enable more private involvement in service provision.
- Developing the skills within the department to support the procurement of services from the private sector.

In 2013-14 initiatives will include:

- Developing innovative partnerships with the private sector in the provision of public housing.
- Providing \$20.7 million as incentives to investors to deliver over 10,000 affordable private rental dwellings across Queensland as part of the National Rental Affordability Scheme.
- Commencing a strategic sourcing and procurement transformation program aiming to deliver significantly greater value from the Government's procurement spend of over \$10 billion.
- Facilitating home ownership opportunities for people living in Indigenous communities.
- Commencement of the newly-established Building and Asset Services, replacing QBuild and Project Services, with the aim of delivering improved and more cost effective outcomes.
- Reviewing the overarching strategy and whole-of-Government policy for asbestos management in Government buildings and options for developing a long-term and sustainable solution for operating asbestos registers for government buildings.

#### *Other Key Initiatives*

Other key initiatives announced in this year's budget include:

- Establishing Trade and Investment Queensland as a separate stand-alone entity, governed by a Board that has practical business export experience.
- \$46.1 million in 2013-14 for initial works to prepare for construction of the Commonwealth Games village at the Parklands on the Gold Coast.
- \$30 million over three years to fund a Geological Survey of Queensland to further increase exploration and investment in mining in Queensland.
- \$23.1 million more for *Get in the Game* grassroots sport and recreation grants.
- \$15.9 million to continue the \$183.8 million expansion of the Cleveland Youth Detention Centre at Townsville.
- \$11.2 million in 2013-14 for a whole-of-Government drought relief package in response to severe drought affecting Western and North Queensland.
- \$5.5 million in 2013-14 and \$25.1 million over 4 years for Foster and Kinship Carer Allowances, to meet demand from increasing numbers of children in out-of-home care.
- \$4.2 million to continue work on the expansion of Trinity Inlet, to allow large cruise ships to dock in Cairns and to give larger naval vessels access to HMSAS Cairns.
- \$3.2 million for extra support to students with a disability for pathology services in Queensland schools.
- \$2.9 million for the replacement of essential scientific equipment used for environmental and natural resources research.
- Develop a whole-of-Government policy to increase economic participation opportunities for Aboriginal and Torres Strait Islander Queenslanders.
- Implement a whole-of-Government Environmental Offsets Policy.

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