

**Barton Deakin Brief: Queensland State Budget 2014-15**

**3 June 2014**

The Treasurer, the Hon Tim Nicholls MP, today handed down Queensland's [2014-15 State Budget](#). The centrepiece of the budget is a Draft Plan of Action to reduce the state's \$80 billion debt to a more sustainable level.

The Draft Plan of Action – titled the [Strongest and Smartest Choice](#) – outlines a list of assets the Queensland Government is proposing should be sold or leased, or which could attract private sector investment.

None of the proposed asset transactions would take place until the Government has secured a mandate at the next state election, due in March 2015.

Further announcements include \$406 million over five years for family and child services associated with the implementation of the [Carmody Inquiry](#)'s recommendations; \$321 million in state funds for the [Toowoomba Second Range Crossing](#) project; \$224.5 million for the new Lady Cilento Children's Hospital; and \$140 million to expand the capacity of correction centres.

## **Overview**

The Budget outlines that the Queensland Government will deliver a fiscal deficit of \$6.1 billion in 2013-14, reducing to a deficit of \$2.27 billion for 2014-15.

In 2015-16 the Government is predicted to deliver a fiscal surplus of \$862 million, which would be the first fiscal surplus in a decade.

General Government expenses grew by 0.2% in 2012-13. Expenses will increase by 2.2% in 2013-14 and continue at a rate that is on average less than revenue growth.

By 30 June, economic growth of 3% for the 2013-14 year is expected. Key contributors are double-digit growth in coal export volumes driven by demand from China, a stronger tourism industry, and agricultural exports such as beef, which is Queensland's leading agricultural export earner.

In 2014-15, Queensland's economic growth is expected to remain at 3%, rising to 6% in 2015-16 as LNG production drives exports.

Queensland's unemployment rate was 6.2% for April 2014. This rate is expected to fall to 6% by the end of 2013-14, and further to 5.25% by 2016-17.

Queensland's state debt sits at \$80 billion, down from a projected \$85.4 billion in early 2012. The Government is proposing that this be paid down to a more sustainable level of \$55 billion through asset sales, leases and private sector investment.



## Draft Plan of Action

Following the *Strong Choices* debt awareness campaign and consultation process, which saw 57,000 Queenslanders submit their “People’s Budget” preferences online to reduce Queensland’s debt, the Government has produced [A Draft Plan of Action](#). This was released in conjunction with the Budget.

The Draft Plan of Action outlines a schedule of asset transactions which, at their current value, are expected to raise \$33.6 billion. The proposed asset transactions would take place following the next state election, due in March.

The Plan proposes that 75% of the proceeds are used to pay down state debt, from \$80 billion to \$55 billion, a level that was recommended as sustainable by the Queensland Commission of Audit.

The other 25% raised from asset transactions would be invested into new infrastructure, roads, the Bus and Train (BaT) project, rural and regional economic development, and other initiatives.

## Asset sales, leases and private sector investment

The assets under consideration for sale, lease or investment are as follows.

**Sale:** Energy, water and non-core business functions

- Ergon Energy retail business
- SunWater industrial pipelines business
- Stanwell Corporation (electricity generation business)
- CS Energy (electricity generation business), and
- Other non-core business functions such as a coal mine.

**Long-term lease:** Ports and rail

- Integrated Port of Townsville and Mt Isa Rail Line, and
- Port of Gladstone.

**Private sector investment:** Electricity networks

- Powerlink
- Energex, and
- Ergon Energy – excluding retail business.

## Strong Choices Investment Program

The Draft Plan of Action outlines a suite of new infrastructure and investment funds. The Program is valued at around \$8.6 billion over the next six years.

The proposed Strong Choices Investment Program will include:

- Rural and Regional Roads Fund – \$1.5 billion
- South East Queensland Roads Fund – \$1.5 billion
- Public Transport Rail Infrastructure Fund – \$1 billion



- Bus and Train Project – \$1 billion
- Future Schools Fund – \$1 billion
- Rural and Regional Economic Development Fund – \$700 million
- Local Government Co-Investment Fund – \$500 million
- Future Fund (Natural Disasters) – \$500 million
- Entrepreneurial and Innovation Fund – \$500 million
- Community Hospitals Fund – \$300 million, and
- Cultural Infrastructure Fund – \$100 million.

The Queensland Government will be seeking community and stakeholder feedback on its Draft Plan of Action by September 2014, including on the proposed Strong Choices Investment Program.

## Other key announcements

Other key 2014-15 State Budget announcements include:

- \$768 million for Bruce Highway upgrades.
- \$406 million over five years for family services and child protection. This includes almost \$25 million in 2014-15 allocated to child safety services, as the beginning of reforms associated with the implementation of Carmody Inquiry's recommendations. In addition, \$6.5 million is allocated towards employing 70 Child Safety officers.
- \$321 million in state funds for the joint State-Federal funded Toowoomba Second Range Crossing project.
- \$224.5 million for the new Lady Cilento Children's Hospital.
- More than \$170 million for the redevelopment of regional hospitals.
- \$140 million to expand the capacity of correction centres, including the recommissioning of Barallon Correctional Centre, as well as security upgrades.
- \$131 million for the [Great Results Guarantee](#), to improve literacy and numeracy.
- More than \$60 million for drought assistance, fee and rent relief, and community and mental health support programs. The Government is also extending the current transfer duty concession on the gift of farm land to include family members other than just children.
- \$44.5 million towards the Government's "Safe Night Out" strategy, including \$29.1 million in new funding for drug and alcohol education for high school students, increased policing, drug counselling, and the establishment of up to 15 Safe Night Out precincts.
- \$18.4 million as part of a joint State-Federal package for the Cape York Region, to upgrade roads and infrastructure and to improve communities.
- \$850,000 to commence a 3 year project to identify new deposits of copper and gold in North Queensland.

View the Treasurer's Budget Speech [here](#).

To read the Budget documents visit [www.budget.qld.gov.au](http://www.budget.qld.gov.au).

**For more information on how we can assist your organisation, please contact [Gerard Paynter](#), [Daniel Wood](#) or [Lauren Clark](#) or call +61 7 3171 3333.**