



Queensland
Government

smart

statebudget

2003-04



Budget Highlights

2003-04 Budget Papers

1. Budget Speech
2. Budget Strategy and Outlook
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Smart State: Creating opportunities for the future

Smart State: Improving our lives

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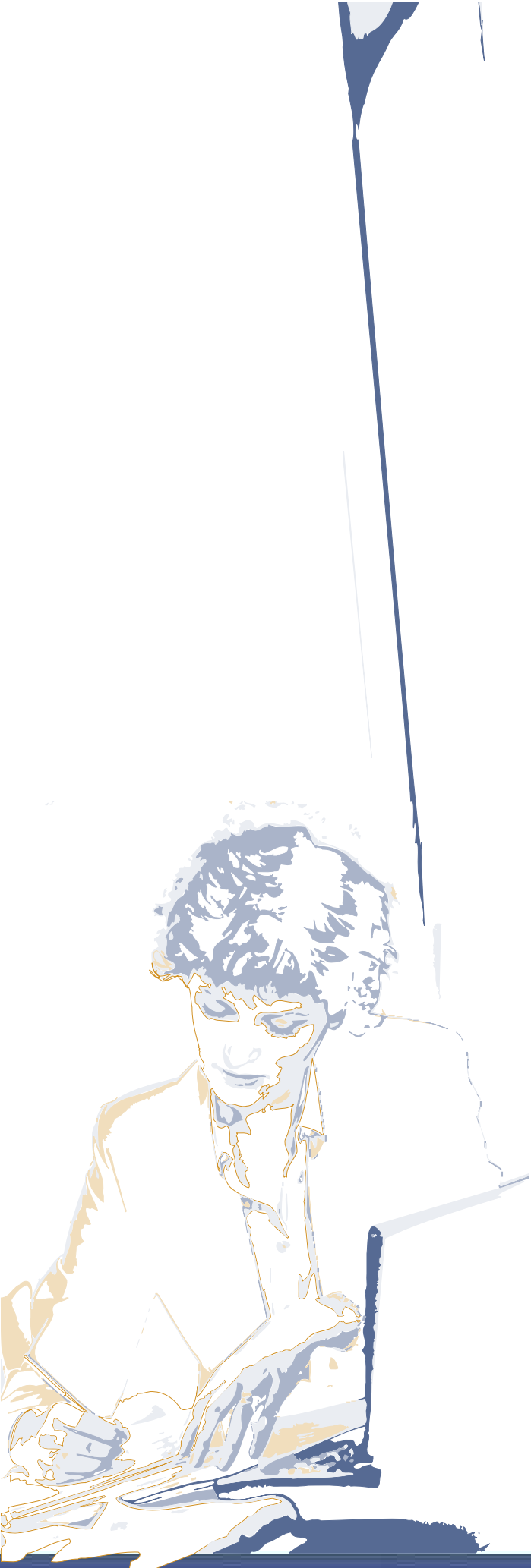
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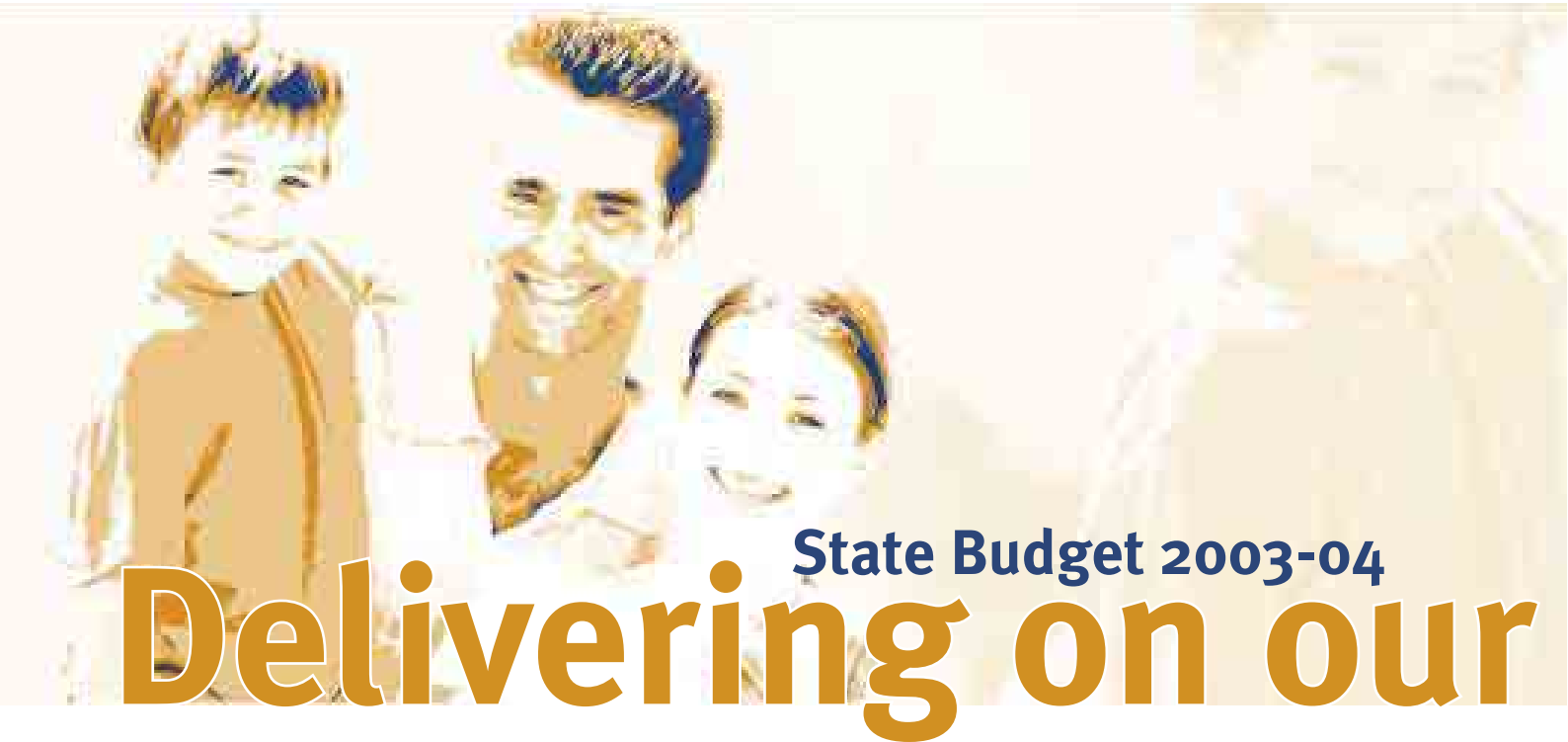
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State Budget 2003-04

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State Budget 2003-04

Delivering on our

More jobs for Queensland – skills and innovation – the Smart State

- \$100 million over four years for a package of measures to increase the effectiveness of public and private research and development.
- The second round of projects under the \$100 million Smart State Research Facilities Fund will support the development of world-class science and technology infrastructure.
- An additional \$85 million per annum commencing 2004-05 to extend the Breaking the Unemployment Cycle initiative to 2006-07.
- The Government continues to deliver its \$162 million four-year Education and Training Reforms for the Future initiative. Information and communication technologies and an additional round of the Preparing for School trial will be funded in 2003-04.
- Funding to employ 636 additional classroom teachers from Semester 1, 2004, with 327 of these the final stage of the Government's commitment to deliver 800 teachers over four years.
- \$300 million capital expenditure in 2003-04 to provide improved school facilities, including \$149.7 million to construct three new schools and undertake work at several others and \$16.7 million for airconditioning projects in 99 schools under the Cooler Schools program.
- \$26 million over four years to implement Making Queensland's Future – A Manufacturing Development Plan, to enhance the State's manufacturing base.
- An additional \$19 million over four years to employ 300 public sector apprentices in targeted skill shortage areas.
- \$10.8 million in 2003-04 to support the continued operation of the Lexmark Indy 300 motor race on the Gold Coast.
- An additional \$3.3 million in 2003-04 to develop options for implementing a new Queensland driver licence, using the latest in driver licensing technology.



Priorities at a glance

- **\$100 million over four years for public and private research and development.**
- **\$255 million over three years to extend the Breaking the Unemployment Cycle initiative from 2004-05.**
- **Additional 636 teachers for 2004, around 300 more police and 110 new ambulance officers.**

priorities

Safer and more supportive communities

- \$32 million to provide better outcomes for families and children. This is the second year of a \$188 million four-year package of initiatives.
- The number of police officers will increase by approximately 300 in 2003-04 and an additional \$30 million is provided over two years for the Queensland Police Service to upgrade information technology systems.
- Additional funding of \$6.3 million in 2003-04 for staff and equipment for the Queensland Ambulance Service. The service will employ 110 new officers in 2003-04 and commence or complete 17 replacement and four new ambulance stations.
- \$107.1 million in 2003-04 for courthouse construction and refurbishment projects throughout Queensland.
- Additional funding of \$16.1 million in 2003-04 to implement the Road Safety Initiatives Package, including funding for road safety, policy and legislation reviews.
- \$3 million to assist with the purchase of rollover-compliant school buses in non-urban areas, under the SchoolBUS program.
- An additional \$5.3 million over the next two years for the South East Queensland Drug Court trial.
- An additional \$0.9 million per annum in 2003-04 to establish a DNA Sample Management Unit and for Queensland to participate in the national DNA database.
- \$1 million in 2003-04 to continue the trial of the Queensland Aboriginal and Torres Strait Islander Police initiative.
- \$3.9 million in 2003-04 to continue the development of the Cleveland Youth Detention Centre.



State Budget 2003-04

Delivering on our

Community engagement and a better quality of life

- \$300 million increase in 2003-04 to the health budget to provide health services across the State. This is part of a cumulative \$2.6 billion four-year increase in health spending on the 2002-03 Budget, \$1.6 billion of which the State is contributing.
- \$40 million in 2003-04 to manage demand for health services, including \$13.2 million for oncology and cancer care, \$13.1 million for renal dialysis and \$6.2 million for intensive care.
- Increased State funding of \$7.5 million to bring total funding in 2003-04 for the Home and Community Care program to approximately \$224 million.
- \$29.8 million to commence the roll-out of replacement clinical and patient administration systems in health facilities.
- An additional \$290.5 million in State funding over four years to Disability Services Queensland. This includes \$200 million in new funding to implement Funding Reform Project initiatives which provide services for people with a disability, their families and carers.
- \$3.1 million in 2003-04 to continue implementation of Meeting Challenges, Making Choices, the Government's response to the Cape York Justice Study.
- More than \$170 million for public rental housing, including the commencement of 300 dwellings and upgrade of existing accommodation.
- \$15.5 million in 2003-04 for homelessness initiatives, including the provision of an additional 60 dwellings for transitional housing.
- \$42 million to continue construction of the Inner Northern Busway between Gilchrist Avenue and Roma Street.
- \$92.6 million in 2003-04 for capital works under the Millennium Arts Project. Recurrent funding of \$9.8 million will commence for staff and systems to prepare for opening new facilities.



Priorities at a glance

- **\$300 million increase to the health budget to provide health services across the State.**
- **\$200 million additional funding over four years to enhance disability services.**
- **\$75 million over five years for a \$150 million Commonwealth-State tree clearing reduction package.**
- **\$50 million over four years to extend the Regional Centres Program.**

priorities

Valuing the environment

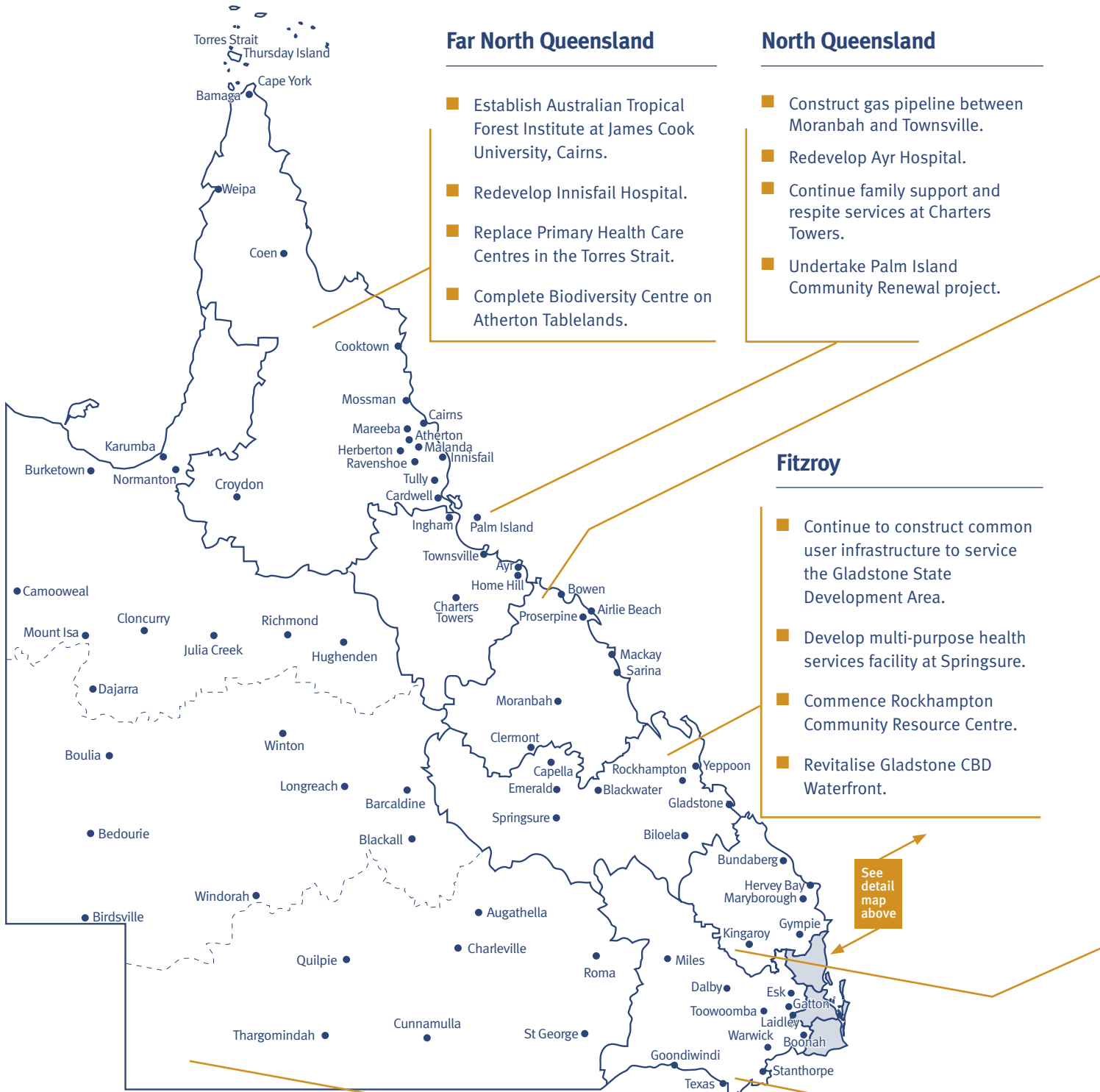
- An additional \$75 million over five years as part of a \$150 million Commonwealth-State tree clearing reduction package.
- \$11 million in 2003-04 as part of State funding of \$81 million over seven years for the National Action Plan for Salinity and Water Quality.
- An additional \$8 million over four years to support the assessment, monitoring and enforcement of existing legislation concerning vegetation, water, land and pests.
- An additional \$3.9 million in 2003-04 towards the Statewide Forests Process, including funding for regional assessments and stakeholder engagement.
- \$3.2 million in 2003-04 as part of a five-year \$10 million Great Walks of Queensland plan and \$1.3 million to continue land acquisitions for State protected areas.

Building Queensland's regions

- \$50 million over four years to extend the Regional Centres Program to assist local governments to deliver infrastructure and community facilities.
- \$25 million in 2003-04 for drought assistance activities, including drought management and recovery workshops, climate modelling and research into drought resistant plants.
- \$30.1 million over six years on a new Future Directions Strategy for hardwood plantations and forest management services.
- An additional \$30 million over four years for sugar reform initiatives, subject to negotiations with the Commonwealth Government.
- \$49.8 million for the upgrade of the Rockhampton - Townsville - Cairns rail track.
- \$25 million towards planning and construction of the four-lane Tugun Bypass on the Pacific Motorway.

Delivering services

The Government is delivering essential infrastructure, community facilities



to the regions

and services statewide.

Mackay-Whitsunday

- Continue to develop Mackay multi-purpose centre.
- Fund Airlie Beach streetscape works.
- Construct North Mackay fire and ambulance complex.
- Continue to develop the Mackay Highlands and Whitsundays Great Walks.

South Coast

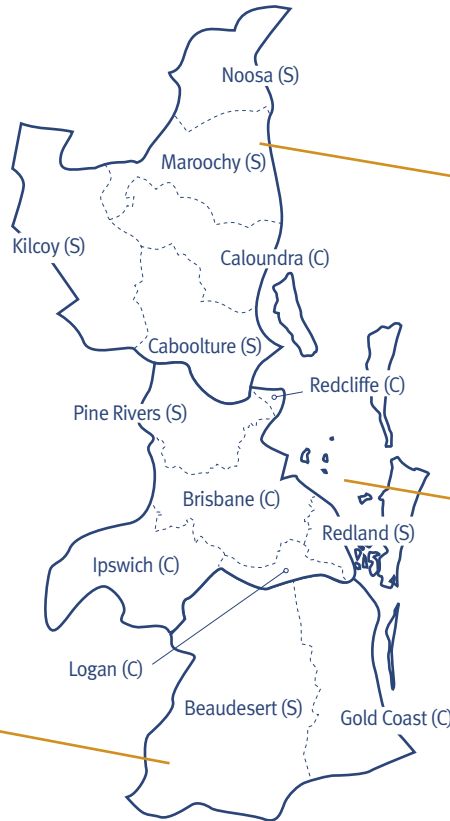
- Plan and commence Tugun Bypass on the Pacific Motorway.
- Provide an additional 46 police officers in the Gold Coast District.
- Complete Gold Coast Convention and Exhibition Centre.
- Redevelop Beaudesert Arts and Cultural Centre.

Wide Bay-Burnett

- Redevelop Gympie Hospital.
- Consolidate Wide Bay TAFE campuses.
- Construct new police station at Rainbow Beach.
- Assist development of Bargara to Burnett Heads Turtle Trail.

Detail of shaded regions

(S) Shire (C) City



North Coast

- Construct first stages of the new Chancellor State School.
- Construct two-lane Kawana Arterial Road.
- Finalise Nambour Hospital redevelopment.
- Construct multi-purpose sporting complex in Maroochydore.

Greater Brisbane

- Continue to develop Port of Brisbane.
- Construct new Brisbane Magistrates Courts.
- Continue Millennium Arts Project.
- Redevelop Redcliffe Residential Aged Care Facility.

Darling Downs-West Moreton

- Continue to develop police station and watchhouse at Toowoomba.
- Progress Gatton and Toowoomba Bypasses on Warrego Highway.
- Work to augment electricity supply to Goondiwindi.
- Deliver new family support and respite services at Boonah.

Western Queensland

- Construct junior and senior campuses at Spinifex State College at Mount Isa.
- Build ambulance stations at Hughenden and Dirrinbandi.
- Continue bridge and approach works on Barkly Highway, Mount Isa to Camooweal.
- Construct police headquarters in Longreach and Mount Isa.

State Budget 2003-04

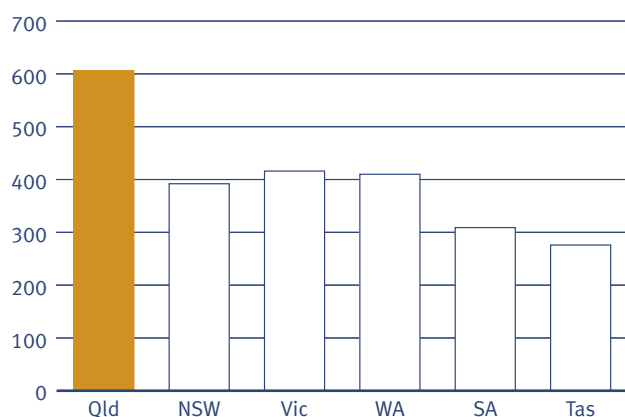
Queensland's \$5.3 billion capital program will see infrastructure investment above that of the other states.

Building Queensland's infrastructure

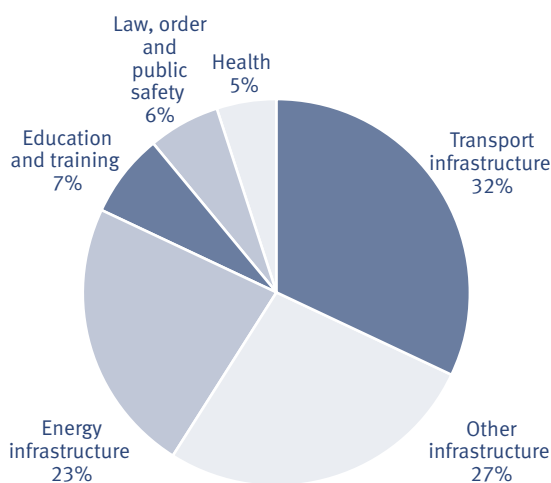
- Funding of \$5.3 billion is budgeted for capital spending in 2003-04.
- This spending will support some 44,500 full-time jobs.
- A total of 62.5% of capital will be spent outside the Brisbane Statistical Division.
- The capital outlays of public trading enterprises constitute \$2.2 billion (41%) of total outlays.
- The Government is assessing a number of projects in the context of its Public Private Partnerships policy, with the Southbank Education and Training Precinct the most advanced.
- In 2003-04, the Government will continue to deliver capital to facilitate the delivery of services in key priority areas. This includes \$1.8 billion for transport infrastructure (transport, ports, rail and roads), \$1.3 billion for energy infrastructure and \$358.8 million for education and training.

General Government capital expenditure per capita

(\$, 2003-04)



Capital outlays by purpose 2003-04



Queenslanders continue to pay less State taxes on a per capita basis.



Keeping taxes competitive ...

- Per capita State tax collections in Queensland in 2003-04 are expected to be \$1,480. This compares with \$1,892 for the average of the other states and territories, which is almost 28% higher than the tax burden in Queensland.
- As a result of land tax relief in this Budget, more than 13,500 land holders who otherwise would have paid land tax, will not be liable in 2003-04.

Taxation by state
(\$ per capita, 2003-04)



... and service delivery efficient

- The Shared Service Initiative, to be implemented from 1 July 2003, will provide a whole-of-Government approach to the delivery of corporate services. This will be achieved by consolidating and standardising the delivery of corporate support. Following full implementation, savings of over \$100 million per annum are expected.
- Significant information technology enhancements over recent years have improved the cost effectiveness of Government service delivery. Initiatives in 2003-04 include Health Technology, Police Information Management, the Integrated Justice Information Strategy and Integrated Ticketing.
- The Government continues to review its operations to ensure that its services are aligned with the needs of the community and are delivered efficiently.

State Budget 2003-04

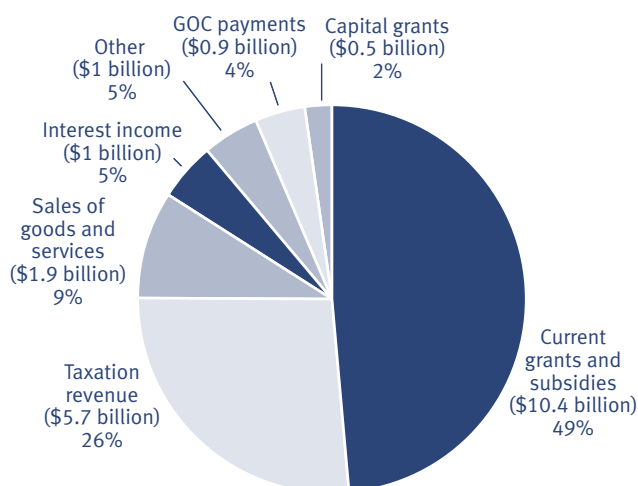
Grants and subsidies, which mainly come from the Commonwealth, make up almost half (49%) of revenue.



How the money is raised

- General Government operating revenues are budgeted at \$21.4 billion in 2003-04. This represents an increase of \$1.2 billion (up 6%) on the 2002-03 Budget.
- Commonwealth funding comprises \$10.5 billion of the State's revenue. GST revenue accounts for 59% (\$6.2 billion) of funding from the Commonwealth and replaces the Financial Assistance Grants previously provided by the Commonwealth.
- State taxes represent 26% (\$5.7 billion) of revenue, with \$3.4 billion of this being payroll taxes and duties.
- Payments from Government-owned corporations in the form of dividends and tax equivalent payments (\$0.9 billion) comprise 4% of the State's revenue. Proceeds from this source are forecast to decline by around \$0.2 billion (18%) in 2003-04.
- Community Ambulance Cover will commence on 1 July 2003. The Community Ambulance Cover, to be collected through electricity accounts, will ensure a secure funding base for the Queensland Ambulance Service.

General Government operating revenue 2003-04

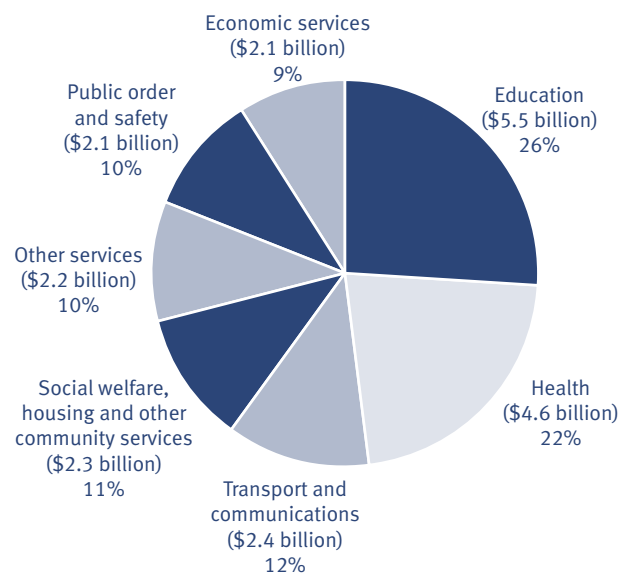


This Budget will deliver on the fundamentals, with almost 50% of total expenditure on health and education.

How the money is spent

- General Government operating expenses are budgeted at \$21.2 billion in 2003-04. This represents an increase of \$1.1 billion (up 5.3%) on the 2002-03 Budget.
- Expenditure is forecast to grow significantly in key priority areas including health, disabilities and housing assistance programs.
 - The total health budget will increase by \$300 million (up almost 7%). This is part of a cumulative \$2.6 billion four-year increase in spending for health (including Commonwealth and State funding) on the 2002-03 Budget.
 - The total budget for Disability Services will increase by \$53.9 million (up 16.3%) in 2003-04. Of this, State funding will grow \$46.8 million (up 20.2%).
 - Housing assistance programs will increase by 11% on last year's allocation.

General Government expenses by purpose 2003-04



State Budget 2003-04

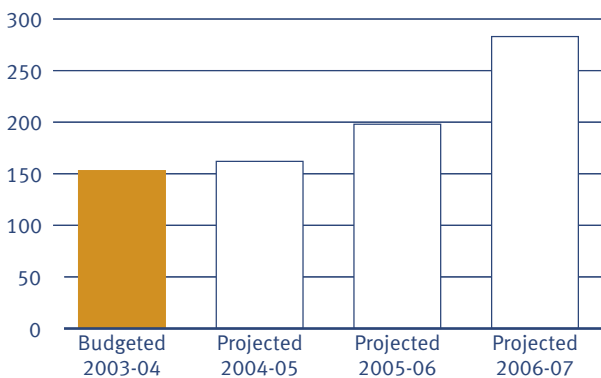
This Budget will continue to deliver responsible fiscal management with forecasts for improving surpluses over the next three years.

Our sound operating position

- The State is budgeting for a General Government net operating surplus of \$153 million and a cash surplus of \$152 million in 2003-04.
- Growing operating and cash surpluses are forecast to 2006-07.
- Budgeting for operating surpluses provides a buffer against external risks and ensures service delivery is sustainable.
- The 2002-03 operating result has been impacted by lower investment earnings on the State's financial assets due to volatility in domestic and international equity markets.
- The underlying operating result for 2002-03 (adjusting for comparable superannuation arrangements) is a surplus of \$587 million.

General Government operating surplus (GFS Basis)

(\$ million)



General Government operating position

	Estimated actual 2002-03 (\$ million)	Budget 2003-04 (\$ million)
Revenue	19,913	21,382
Expenses	20,263	21,229
Net operating result	(350)	153
Cash surplus	51	152

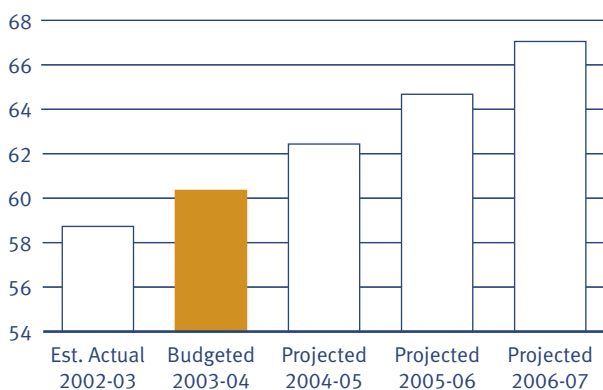


The State's net worth is budgeted to increase by \$1.6 billion.

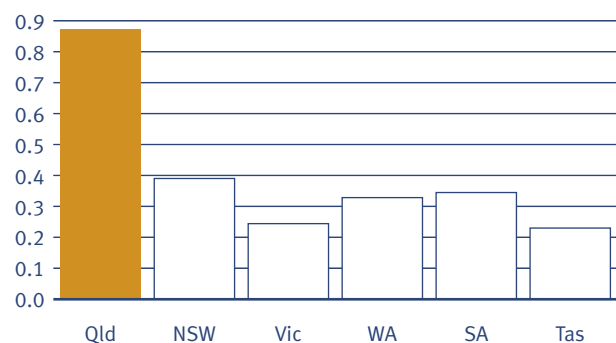
Strong balance sheet growth

- The State's net worth is budgeted to grow from \$58.7 billion at 30 June 2003, to \$60.3 billion at 30 June 2004 and to \$67 billion at 30 June 2007.
- General Government assets at 30 June 2004 are projected to total \$82.6 billion, including financial assets of \$32.9 billion.
- Net worth of Government-owned corporations and trading enterprises will increase from \$12.6 billion to \$14.6 billion by 2006-07.
- General Government net financial assets are projected to total \$10.7 billion at 30 June 2004, after allowing for liabilities of \$22.3 billion. This reflects the State's continuing strong financial position.
- Net financial assets are projected to increase throughout the forward estimates period, reaching \$12 billion by 30 June 2007.
- Queensland's level of liquidity is well in excess of the other states.

Queensland net worth
(\$ billion)



Financial asset ratio¹
(by State, 2003-04)



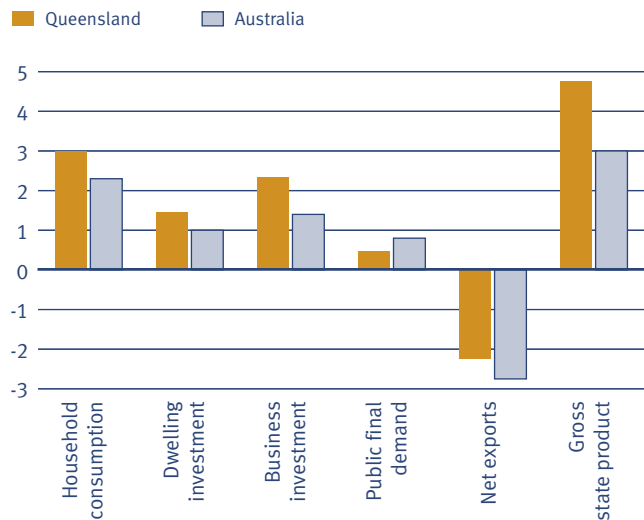
¹ Ratio of financial assets (excluding investments in public enterprises) to financial liabilities.

Queensland's strong

Domestic resilience bolsters growth in 2002-03

- The Queensland economy has again performed strongly in 2002-03, recording impressive growth in household consumption, dwelling investment and business investment.
- Queensland's gross state product is estimated to grow by 4¾% in 2002-03. This exceeds an estimated growth outcome of 3% nationally.
- Growth in household consumption, dwelling investment, business investment and net exports are all expected to outperform national forecasts.

Components of economic growth, 2002-03^(e)
(annual % point contribution)

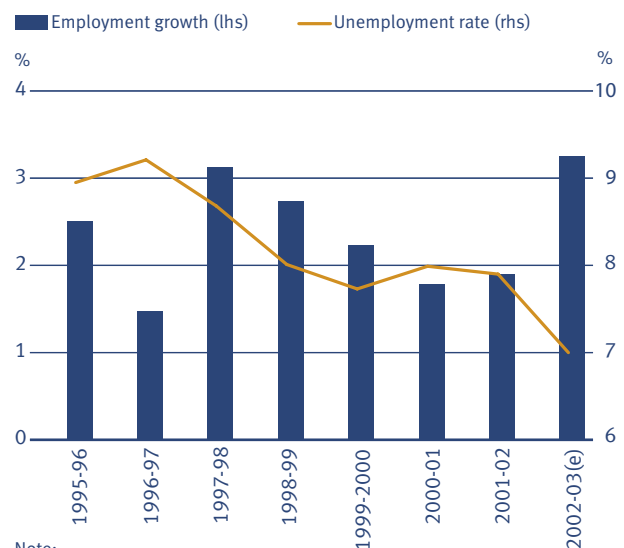


Note:
(e) Estimated actual.
Source: Queensland Treasury and Commonwealth Treasury.

Strongest employment conditions for more than a decade

- Employment conditions in Queensland have continued to improve in 2002-03. An estimated 55,000 new jobs were created over the year, accounting for just under a quarter of all new jobs nationally. As a result, the State's unemployment rate for 2002-03 is expected to fall to its lowest level since 1989-90.
- The number of people employed in Queensland is estimated to have grown by 3¾% in 2002-03, significantly higher than estimated growth of 2½% nationally.
- The strong increase in employment in 2002-03 has more than offset labour force growth, with the State's year-average unemployment rate falling to an expected 7%.

Queensland labour market



Note:
(e) Estimated actual.
Source: Queensland Treasury and ABS 6202.0.



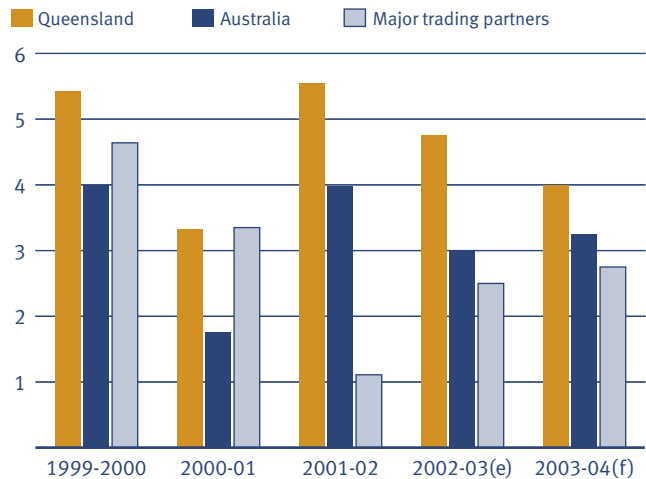
economic performance

Positive outlook for 2003-04, despite a challenging external environment

- The outlook for the Queensland economy remains positive, with solid growth of 4% forecast for 2003-04. This exceeds the 3¼% forecast nationally and the 2¾% expected by Queensland's major trading partners.
- Low interest rates and strong interstate and overseas net migration are expected to provide underlying support for continued growth in business investment and household consumption over the coming year.
- Net exports are again expected to restrain economic growth. Sluggish growth in Queensland's major trading partners will limit the State's export performance, while a forecast stronger Australian dollar is expected to lead to a higher level of imports.

Economic growth

(annual % change)

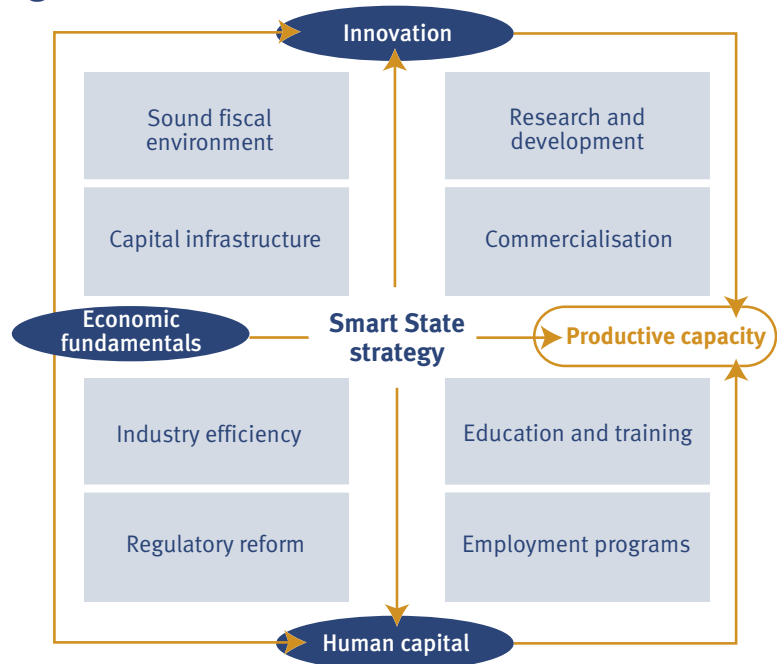


Note:
(e) Estimated actual.
(f) Forecast.

Source: Queensland Treasury, Commonwealth Treasury and Consensus Forecasts.

Sound economic strategy to drive future growth

- The Government's economic strategy is aimed at maintaining Queensland's strong economic growth and providing a better quality of life for all Queenslanders.
- The key objective of the strategy is to increase the productive capacity of Queensland's labour force and industry, leading to sustainable economic growth, greater employment opportunities and improved living standards.
- Queensland's productive capacity will be enhanced by maintaining strong economic fundamentals, fostering innovation and investing in the State's human capital – the key factors embodied in the Smart State strategy.



Economic forecasts

Outlook for components of growth

	2002-03 ^(e)	2003-04 ^(f)	
Domestic production¹			
Household consumption	5	4¾	● Growth in household consumption to remain strong, supported by higher real wages and strong population growth.
Private investment	18½	5¼	
Dwellings	21	-1½	● Dwelling investment to return to a more sustainable level, following two years of exceptional growth.
Business investment	23½	9½	● Positive business conditions to promote further growth in business investment.
Other buildings and structures	27¼	12¾	
Machinery and equipment	21¾	7¾	
Public final demand	2	3¼	● Growth in public final demand to improve.
Gross state expenditure	7	4¾	● Domestic activity to underpin overall economic growth.
Exports of goods and services	3¾	4	● Solid export performance despite sluggish recovery in global economy.
Imports of goods and services	9¼	5½	● A stronger Australian dollar to drive a further increase in imports.
Net exports ²	-2¼	-¾	
Gross state product	4¾	4	● Strong overall economic growth.
Other state economic measures			
Population	2¼	2¼	● Recent acceleration in population growth to be sustained.
Inflation	3¼	2½	● Modest outlook for growth in consumer prices.
Average earnings	4¼	4¼	● Wages growth to continue to outpace inflation.
Employment	3¼	2¼	● An additional 38,000 new jobs to be created over the coming year.
Unemployment (% , year-average)	7	7	● Historically low unemployment rate to be maintained.

Note: Unless otherwise stated, all figures are annual percentage changes.

(1) Chain volume measure, 2000-01 reference year.

(2) Percentage point contribution to change in gross state product.

(e) Estimated actual.

(f) Forecast.

Source: Queensland Treasury.

