



Joint Statement

QUEENSLAND BUDGET BOTTOM LINE REMAINS STRONG

The State Budget bottom line would remain in surplus despite the largest amount of funding ever committed to services and infrastructure spending in the history of Queensland.

Premier and Treasurer Peter Beattie and Deputy Premier and Minister for Finance Anna Bligh said disciplined financial management had been the key to this achievement.

“Our State is in a very strong position and that did not happen by accident,” Mr Beattie said.

“Over the past seven years our Government has worked extremely hard to build the wealth of Queensland, through investment in our Smart State Strategy, major commercial and industrial projects, and research and development.

“We have spent taxpayers’ money wisely and the results of our hard work have put us in a position strong enough to be able to finance our \$6.4 Billion health funding package without any major tax increases or cuts to services.”

Mr Beattie said as a result of the new funding initiatives the forecast surplus for this financial year was expected to drop from \$934 Million to \$718 Million.

He said as the spending on the health package ramped up over the next five years it would have a greater impact on projected surpluses.

“This will be compounded by the delivery by other major initiatives such as the South East Queensland Infrastructure Plan, implementation of the Electricity Distribution and Service Delivery Review, and less taxation revenue courtesy of the reduction and abolition of a number of State taxes,” Mr Beattie said.

“Compared to Budget we now expect the 2006/07 operating surplus to drop from a projected \$588 Million to \$175 Million, in 2008/09 from \$556 Million to \$256 Million and in 2009/10 from \$220 Million to \$142 Million.”

Ms Bligh said the forecast surpluses would still ensure Queensland retained its AAA credit rating.

“Because we are in such a strong position we can fund our health investment without the need to go into deficit,” she said.

“The money will come from a number of sources to build to the \$1.5 Billion a year every year we expect to pump into the system by 2010/11.

“There is the reduction in our forecast surpluses plus provisions we had in store in Health and Treasury to meet future enterprise bargaining costs in health.

“There are also new expenditure and revenue measures we have announced in recent weeks including changes to transfer duty, new public sector savings targets and a new Service Delivery and Performance Commission to cut waste and duplication in the public service.

“In addition as our economy continues to go from strength to strength we expect our total revenues to increase. This does not mean tax rates will be increased but simply that if the economy is booming the total volume of taxes such as the GST also increase.

“We will have to tighten our belts but it will not involve jeopardising our strong economic credentials.”

Mr Beattie said the strength of those credentials was reflected in the final budgeted outcome result for the 2004/05 financial year.

“We ended up with an operating surplus of \$3.926 Billion and a cash surplus of \$4.64 Billion,” he said.

“This is significantly higher than the respective \$2.72 Billion and the \$3.13 Billion predicted at Budget.

“The primary factor for this increase was stronger than expected investment returns on the State’s superannuation schemes.

“Returns on these schemes are reinvested and not available for expenditure on general government services.

“Money from normal revenue sources allowed us to finance our entire capital program last financial year without borrowing.

“It also allowed us to wipe out \$493 Million in Queensland Health so we could start our reform package with a clean slate.”

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