



Anna Bligh MP  
Member for South Brisbane



Queensland  
Government

## Media statement

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Deputy Premier,  
Treasurer and  
Minister for Infrastructure

**\*\*\*STRICTLY EMBARGOED UNTIL 2.30PM, JUNE 5, 2007\*\*\***

5 June 2006

### **Bligh plots another surplus chart**

Today's \$32 billion State Budget has short and long-term drought responses, record capital works spending, especially on roads, record funding for health and services - and it will remain in surplus, Deputy Premier and Treasurer Anna Bligh said today.

"In 2006-07, the General Government sector is forecast to have a net operating surplus of \$2.393 billion and a cash surplus of \$1.722 billion," she said.

"The estimated 2006-07 surplus reflects the continuing strength of the economy flowing through to taxation and related revenues and investment returns above the long-term assumed rate of return (14% versus 7.5% estimated at 2006-07 Budget and MYR).

"The surplus also reflects significantly higher than anticipated tax equivalent payments arising from the sale of the State's energy retail businesses. They have also contributed to the higher than forecast operating surplus in 2006-07.

"The Budget has an underlying surplus of approximately \$1.307 billion.

"The 2007-08 budgeted operating surplus for the General Government sector is \$268 million and a cash deficit of \$892 million.

"The State's capital program is estimated to be \$14.029 billion, a 15.6% increase on estimated 2006-07 outlays. 2006-07 estimated capital outlays are 19.7% higher than budgeted, primarily as a result of increased spending on water infrastructure.

"Queensland's capital program is the highest of all states on a per capita basis.

"With a capital program of this size, it is necessary for the Government to borrow.

"It is appropriate for governments with a growing population and economy to borrow for capital investment. To restrict the capital program by not borrowing is an unnecessary impediment to Queensland's economic and social development.

"In recent years, the strength of the State's fiscal position has meant that the Government has been able to significantly expand the State's capital base without the need to borrow.

“Going forward, the capital program is only partially being funded by borrowings.

“In 2006-07 General Government borrowings of \$743 million are being undertaken to support a capital expansion of \$4.137 billion.

“Over the Budget and forward estimates, the Government will borrow \$16.058 billion in the General Government sector to fund capital purchases of \$23.148 billion.

**“Despite this borrowing, the State remains relatively lowly geared and debt servicing costs have remained low, with interest costs as a proportion of revenue averaging just over 2% over the forward estimates (3.18% by 2010-11).**

“While the Government has budgeted conservatively to borrow in recent years, in practice borrowings have been minimal due to its strong fiscal performance.

“The Government will continue as prudent financial managers to reduce the requirement for borrowings going forward.

“The net worth of the State is forecast to increase to \$119.799 billion in 2007-08 and rise to \$130.941 billion by 2010-11.

**“The Queensland Government’s balance sheet remains one of the strongest in the nation.**

**“Queensland’s net debt per capita also remains below that of other jurisdictions. Queensland’s negative net debt of \$5,931 per capita, compares to the weighted average net debt of \$517 per capita in the other states.**

“The Budget includes changes to the land tax tax-free threshold for resident individuals as well as for companies, trust and absentees and a 50% cap on the increase in land values on which land tax applies.

“The Budget also includes an increase in motor vehicle duty with an incentive-based package aimed at four cylinder and hybrid cars. The gains from this will be used to fund increases in mental health.

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