

The Government's commitment to revitalising frontline services

A key part of our Strong Plan for a Brighter Future is to revitalise frontline services for the benefit of all Queenslanders. After years of neglect and mismanagement, our methodical plans and tough decisions are producing results.

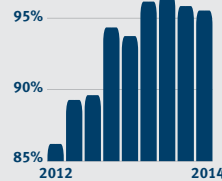
Improving health services

Lowest median wait for elective surgery in Australia



Trains on-time

Increased trains running on-time



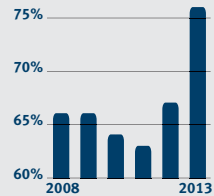
Helping those in need

Reduced social housing wait list



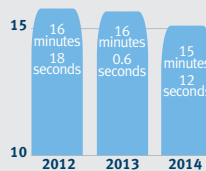
Reduced emergency department waiting

Emergency department presentations completed within 4 hours



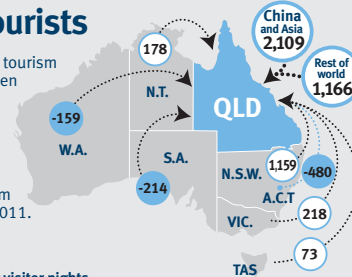
Reducing ambulance waiting times

Ambulance response times improved by 66 seconds in 90% of Code 1 cases*



More tourists

Support for the tourism industry has seen tourist visitor nights from China reach a record 2.2 million in 2013, up from 1.3 million in 2011.



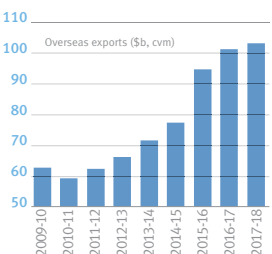
Change in tourist visitor nights 2011 to 2013 ('000)

Queensland's economy - on the cusp of strong growth

The Government is committed to growing a four pillar economy. Recent economic data shows we are on the cusp of strong growth. While this is encouraging, we understand not everyone is experiencing the benefits. We know there is more to do.

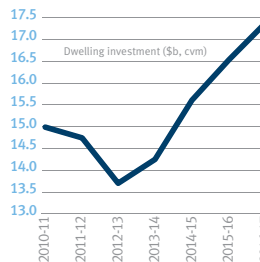
Overseas exports

Overseas exports are expected to grow strongly as the completion of \$60 billion worth of LNG projects and ongoing coal mine developments commence exporting.



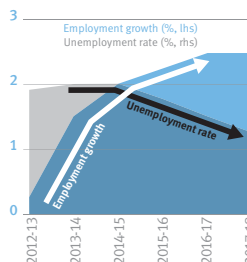
Residential construction

After contracting for the six years to 2012-13, the residential construction sector is forecast to recover from 2013-14 onwards.



Employment

Economic growth will lead to new jobs being created, boosting employment growth and lowering the unemployment rate.



A STRONG PLAN FOR A BRIGHTER FUTURE

This Budget continues to deliver a Strong Plan for a Brighter Future.

The 2014-15 Budget carefully balances **increases in education, health and community services spending, while not introducing or raising any new taxes or reducing services.**

Strong choices have to be made so that a brighter future can be ours; **we need to reduce the State's \$80 billion debt and the annual \$4 billion interest bill. This Budget outlines our plan to secure our finances by making the strongest and smartest choice to reduce debt** so we can sustainably invest in the schools, hospitals and infrastructure for the future.

We are making significant progress in restoring our finances, growing a four pillar economy, revitalising frontline services and funding infrastructure projects and jobs – **with more than 60,000 jobs created in Queensland in the last year.** To sustain this we must reduce debt, so we can truly keep building on our Strong Plan for a Brighter Future.

Health

UP 6% to **\$13.6 billion**

New and improving hospitals:

- \$224.5 million towards building the Lady Cilento Children's Hospital
- \$369.8 million towards building the Sunshine Coast Public University Hospital
- \$173.3 million for the redevelopment of hospitals in Cairns, Mackay, Mount Isa, Townsville and Rockhampton

Education

UP 7% to **\$11.8 billion**

Great Results Guarantee

\$131 million to improve the numeracy and literacy of our children

10 new schools

under the \$1.4 billion Queensland Schools Project

Transport and roads

\$5.4 billion

Toowoomba Second Range Crossing

\$321 million towards the history making \$1.6 billion, 41km innovative toll road project

75 new six-car trains

Bruce Highway

\$768 million in 2014-15 to upgrade sections of the Bruce Highway

Safe Night Out Strategy

\$44.5 million to address alcohol and drug-related violence

Royalties for the Regions

\$495 million for infrastructure improvements

Drought assistance

\$62 million

Safer Children

\$406 million for child and family services in response to the Carmody Inquiry

Reef Water Quality Program

\$55 million

267 new police

\$33.9 million for tourism marketing and event promotion

THE STRONGEST & SMARTEST CHOICE

QUEENSLAND'S PLAN FOR SECURE FINANCES AND A STRONG ECONOMY

Queensland's debt and deficit problem

Since 2006-07, Queensland has spent more than it earned, accumulating deficits of \$29 billion between 2006-07 and 2011-12. The previous Government's last Budget update locked in a further \$13 billion of deficits. No fiscal surplus was projected at that time.

"Queensland's fiscal position and outlook is unsustainable and restoration must be an urgent priority for this term of Government."

QUEENSLAND TREASURY – INCOMING GOVERNMENT BRIEF, MARCH 2012

Following independent advice, the Government decided it could not afford to wait for good luck to return the Budget to surplus.

Since taking office, the Government has introduced a range of measures to repair the Budget, which is now on track to return to surplus in 2015-16, the first in a decade.

While these decisions have significantly slowed the growth of debt, they have not resulted in the necessary reduction.

How does our debt level compare?

This financial year, our debt will reach \$80 billion, the highest State debt in Australia.

The average debt per Queenslanders is now \$16,209, higher than every other State in Australia. This will only increase unless strong and disciplined action is taken.

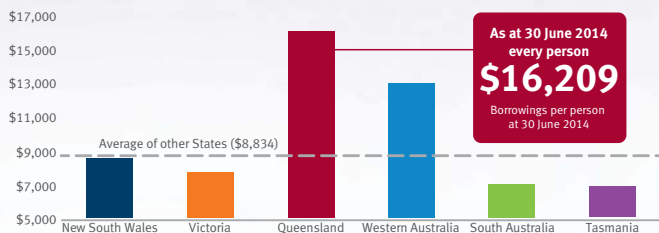
In its Interim Report, delivered in June 2012, the Independent Queensland Commission of Audit recommended Queensland reduce its debt by \$25-\$30 billion.

Debt-to-revenue ratios - an indicator of the ability to fund debt repayments - are higher for Queensland than any other Australian State, with debt currently at 146% of revenue.

"The State's debt has reached unprecedented levels. Together with its published forward estimates showing an even greater volume of debt will be required, Queensland is now in 'uncharted waters' with respect to the volume of debt on issue and the resultant interest bill."

INCOMING GOVERNMENT BRIEF PREPARED BY QUEENSLAND TREASURY CORPORATION, MARCH 2012

Borrowings per person at 30 June 2014



The strong choices available

To reduce the \$80 billion debt, the Government has three choices. It can: significantly increase taxes, reduce services, or sell or lease some assets.

Each of these choices will have different impacts on the State Budget and on the community. The Strong Choices website gave Queenslanders an insight into the complex challenges facing the State Government as it aims to reduce the debt to a sustainable level for future prosperity, while funding frontline staff in essential services, and maintaining and upgrading vital infrastructure including hospitals, schools and roads.

"Queensland's budgetary performance is the weakest of all the Australian States."

GLOBAL CREDIT RATING AGENCY STANDARD AND POOR'S RATINGS SERVICES, RESEARCH UPDATE, SEPTEMBER 2011

CHANGED ENVIRONMENT Implications of the Federal Budget

The Federal Budget significantly altered the context in which the State Government was considering its own strong choices.

The Federal Budget included a number of revisions to funding agreements that were unilaterally determined by the Federal Government. Changing these arrangements so dramatically – and without consultation – has placed considerable further pressure on the State's Budget.

The most significant Federal change was an \$80 billion funding cut to all States for schools and hospitals. This is a massive cost shift by the Commonwealth. The narrow revenue base of the States will make it increasingly difficult to fund the delivery of these vital services from 2017-18 onwards.

The State Government is particularly sensitive to the impact of tax increases imposed by Canberra on everyday Queenslanders. To raise State taxes at this time would be a "double whammy" that would risk significant individual hardship as well as threaten Queensland's promising growth. It is not plausible to make up the difference left by Federal changes by cutting services in such vital sectors as Health and Education.

The strongest and smartest choice

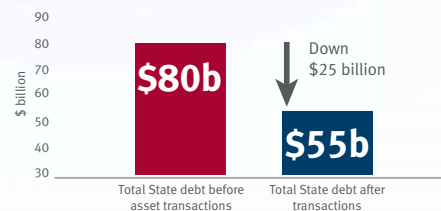
Queenslanders have told the Government through the People's Budget that they are less likely to favour reduced services or paying more taxes.

The Government has already implemented a number of measures aimed at repairing the Budget. There are limited opportunities for the Government to implement further measures that will have a meaningful impact of the size of the State's debt.

In addition, the Federal Budget has increased federal taxes and reduced services. In this new context, the State Government believes it must consider the sale or lease of Government-owned assets to reduce the State's debt and interest bill. This will enable investment in new infrastructure like roads, hospitals and schools, while keeping debt at a sustainable level to bolster Queensland's future prosperity.

It is now the Strongest and Smartest Choice.

Impact of asset transactions on the State's debt



Why not increase taxes?

A significant increase in taxes, to reduce debt by at least \$25 billion would:

- Require a doubling of total state taxation, which would dramatically increase the cost of doing business and discourage investment and job creation
- Result in an \$800 million hit to the Queensland economy, when it can least afford it.
- Mean the loss of 10,000 jobs
- Severely reduce housing affordability for families and first home buyers together with reducing construction activity
- Make Queensland based resource companies less competitive, forcing them to consider their operations and
- Make the family motor vehicle registration costs the highest in the nation

Why not reduce services?

Reductions in services, to reduce debt by at least \$25 billion would:

- Mean the loss of 30,000 public sector jobs, including teachers, doctors and nurses
- Reverse the improvements in surgery, emergency department waiting times and dental care achieved by the Government
- Massively increase Go Card fares for public transport users
- Result in 10,000 fewer hospital admissions per year
- See a decrease in the number of police, fire and emergency services, corrections, disabilities and child safety employees
- Result in less funding for non-government services providers and community organisations

Strongest and smartest choice

The Government is proposing a program of asset transactions, in which several Government assets will be transitioned out of State ownership. The means of doing so will vary, depending on the asset. Most transactions will involve either long-term leases or sales.

However, in some cases, the Government will propose an innovative option of private sector participation, where the Government will retain 100% ownership of the ordinary shares, with private sector investor funding future capital expenditure.

At their current book value, the asset transactions proposed could potentially reduce debt and deliver proceeds to a value of \$33.6 billion.

Three-quarters of this would be applied to reduce the State's debt by \$25 billion to \$55 billion. This new debt level would mean Queensland's annual interest bill would drop from \$4 billion to \$2.7 billion.

The remaining quarter of the proceeds from asset divestments would be deposited in the Strong Choices Investment Program.

Details of the Strongest and Smartest Choice are available at www.StrongChoices.qld.gov.au

Strong choices investment program

Having made the strongest and smartest choice to reduce the \$80 billion State debt, the Government will also free up funds to build more schools, hospitals and other vital infrastructure to ensure this State's growing population can enjoy a brighter future.

Fund	Allocation
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
Cultural Infrastructure Fund	\$100 Million
Total Package	\$8.6 Billion

February – April 2014

Community Leader Roundtables

Community Leader Engagement

From 13 April – 19 May 2014

People's Budget Interactive Tool

Community Engagement

Strong Choices Community Forums

Strong Choices Shopping Centre Information Booths

Virtual Town Halls

3 June 2014

The Strongest and Smartest Choice Draft Plan of Action

We are here

From 3 June – 15 August 2014

Strong Choices feedback on spending priorities

The Strongest and Smartest Choice Draft Plan of Action

September 2014

Final Strong Choices Plan of Action

The Strongest and Smartest Choice

The Strongest and Smartest Choice is Queensland's plan for secure finances and a strong economy