

# \$17b to kick-start QLD economy

**Building**  
Mark Ludlow

The Bligh government will embark on a \$17.1 billion infrastructure program in 2010-11 in an attempt to start the state's economic recovery from the global financial crisis.

While the government announced an \$18.2 billion capital works program in last year's budget to cover for a dearth of private sector investment, it was hoping to scale back infrastructure expenditure to less than \$10 billion by 2012-13 as the construction and property sector bounced back.

But with developers struggling to gain access to credit, and Brisbane's central business district littered with holes of scrapped or delayed high-rise developments, the Bligh government has been forced to initiate another bumper infrastructure budget to boost economic activity next financial year.

An underspend of almost \$1 billion this financial year has allowed them to top up the 2010-11 capital

## Up the road

Major projects in Queensland's \$17.1bn infrastructure spending

- \$646m Springfield rail line brought forward by two years, \$155m allocated
- \$450m new police academy
- \$240m extension and upgrade of the Gateway motorway south
- \$330m Port of Brisbane motorway upgrade to begin, \$88m allocated
- Completion of the \$315m Ted Smout bridge duplication to Redcliffe
- \$148m Forgan Smith bridge in Mackay
- Continued construction of the \$190m port access road in Townsville
- \$197m to continue construction of the \$734m Northern Busway in Brisbane
- \$446m to upgrade infrastructure and trains on the Citytrain network
- \$219m for the first stage of the \$1.7bn Gold Coast rapid transit project

SOURCE: BUDGET PAPER

works budget to \$17.1 billion — \$3 billion higher than the \$14.6 billion program (excluding commonwealth grants) outlined in last year's budget.

Labor will now spend at least \$50 billion on infrastructure over the next four years.

Treasurer Andrew Fraser said the government had decided another strong infrastructure program was

needed in 2010-11. It is expected to contribute about 0.5 per cent to the 3.75 per cent growth in gross state product in 2010-11.

"That's the right level for the building program — it's right for the economy and it's right for the future of the state," he said.

"We need to make sure that we keep that activity up to support pub-

## KEY POINTS

■ Industry groups are unhappy that more projects were not fast-tracked and suggest public-private partnerships could be helpful.

lic investment and keep the economy moving."

Some of the projects brought forward include the \$646 million rail line to Springfield including \$155 million in 2010-11.

Other projects to come on line next financial year include the \$450 million police academy, the \$240 million Gateway motorway upgrade south extension and the \$330 million Port of Brisbane Motorway upgrade.

However, some industry groups were disappointed more projects were not brought forward.

Infrastructure Partnerships Australia executive director Brendan Lyon welcomed Queensland's large capital works budget, despite the state's "challenging" balance sheet.

He said another bumper capital works budget would not have been

possible without the \$16 billion asset sales program. "Without the sale of these assets, many of the most important future projects would not be achieved in time," he said.

Australian Industry Group's Queensland executive director Chris Rodwell said the infrastructure spend was higher than expected.

But Infrastructure Association of Queensland executive director Paul Clauson said more projects should have been fast-tracked into the 2010-11 budget.

"We'd like to see them accelerate more projects and to consider them as possible public-private partnerships," he said.

Premier Anna Bligh has already acknowledged that some infrastructure projects, such as the \$14 billion Cross River Rail, would not be feasible unless there was private or federal funding.

The Queensland government has applied for the next round of Infrastructure Australia funding for the project, which received \$20 million last year from the federal government for a feasibility study.

# Neglected sector cries out for more assistance

**Small business**  
Matthew Cranston

Murray Thornton says there is nothing for him in the budget.

"I don't rely on handouts but we are one of the industries in the trenches creating what the government wants — jobs — so it would be nice to have a bit more assistance," he says.

Thornton owns Habitat Early Learning, a small childcare business that has taken up the government's offer of a payroll tax rebate for hiring trainees.

In this year's budget the state government extended the time that the payroll rebate for trainees would run. It was one of only two measures for small business. The other was a two-year, \$2.5 million innovation-vouchers program.

"It's all well and good talking about trainees and we have about four trainees, but that all comes with a huge cost in training," Thornton says.

"You have to really watch who you employ and a tax rebate on those staff won't go anywhere near covering the costs for them."

Queensland has the highest threshold for payroll tax at \$1 million. The rate of 4.75 per cent is well under NSW's 5.75 per cent. However, there was not the slightest hint from Queensland Treasurer Andrew Fraser yesterday that any new tax cuts are on the way. Chamber of Commerce and



Childcare centre proprietor Murray Thornton says tax rebates on apprentices don't cover training costs. Photo: GLENN HUNT

Industry Queensland president David Goodwin said the government had failed small business on the tax front.

"[The government] didn't do enough for the business community," Goodwin says.

"The business community essentially underwrote the recovery and the

budgets position — it held the state's revenue together.

"The concern is that Queensland is a small business state and it endures global industries such as mining, tourism and agriculture and we don't have the overall resilience of a lot of other businesses in other states."

Small business operators such as Thornton are blunt about where they think the lack of support for small business will have the greatest affect.

"Most businesses are setting their budgets now and as that process goes on and we look at small business costs, such as the increase in minimum

wage, I think where is this going to end up? It's going to end up with the mums and dads."

In what was a small reduction in household electricity and insurance costs, Premier Anna Bligh says the budget will take "pressure off households that have experienced financial pressures".

"We understand that households are feeling the financial pressure," she says.

"That's why in a very tight budget we found money for those people who need it most."

Bligh also emphasised the importance placed on building infrastructure to cater for the 100,000 people a year moving to the state.

Property Council of Australia Queensland executive director Steve Greenwood says the \$17 billion infrastructure spend over one year will be crucial to help tie over small and medium-sized businesses, especially in the construction sector.

"We had very real concerns that a decrease in government spending would likely see job losses and business failure but given this announcement by the Queensland government we think it will go along way in address the concerns," he says.

Thornton says: "It's all well and good spending on all these infrastructure projects but if the state government is sincere about this there needs to be more support to the private sector."

# Coal royalties, GST, property to fill the coffers

**Revenue**  
Matthew Cranston

The Queensland government is relying on increasing coal royalties, growing GST revenue and property tax payments as it beats a path to economic recovery.

Revenues from coal and mining royalties are expected to grow to \$3.2 billion in 2010-11 after slumping to \$1.9 billion in 2009-10.

The forecast growth in royalties does not account for any impact from the federal government's resource super profits tax. Treasurer Andrew Fraser said the debate over

the tax would need to be resolved to secure growth in the industry.

An increase in the goods and services tax pool to be distributed by the federal government will add another \$596 million to the state's revenue base.

Transfer duties for property transactions are forecast to increase 12 per cent in the 2011 financial year. Much of that will come from the \$603 million sale of the government's Forestry Plantations Queensland.

But the Treasury department is bullish on the turnaround for property revenue. "Stronger household demand along with better

credit conditions should see commercial construction in office property and retail space recover," the budget states.

Mr Fraser acknowledged there had been "anaemic" growth in

**Expense will grow 4 per cent in 2010-11 and that's well below the seven-year average of 10 per cent.**

housing but it was anticipated the market would strengthen.

Total dwelling investment is forecast to rise 6.75 per cent in

fiscal 2011. Economists said the economic growth projections of 3.75 per cent for next fiscal year were on the conservative side and 4 per cent could be reached.

UBS chief economist Scott Haslem said the outlook was optimistic but the government's revenue forecast was also conservative compared with NSW.

He said the state faced a "challenging fiscal position" and a lot would ride on the sale of public assets.

The government's expenditure restraint was also a highlight.

"The extent of expenditure restraint going forward compares

pretty well with past years," Mr Haslem said.

"Expense will grow 4 per cent in 2010-11 and that's well below the seven-year average of 10 per cent."

Health and education remain the biggest ticket items, accounting for almost half the government's expenditures and equating to just over \$20 billion.

The announcement of a \$17 billion infrastructure program over fiscal 2011 will also keep pressure on expenditure in other areas, but Mr Fraser said it was an imperative.

"It's right economically and it's right for the future of the state."