
Queensland Budget 2015-16

Budget Speech

Budget Paper No.1

2015-16 Queensland Budget Papers

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Budget Highlights

The suite of Budget Papers is similar to that published in 2014-15.

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Appropriation Bill 2015

(First reading speech, 14 July 2015)

Treasurer

The Honourable Curtis Pitt MP

Treasurer, Minister for Employment and Industrial Relations
Minister for Aboriginal and Torres Strait Islander Partnerships

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Mr Speaker

I move that the Bill be now read for a first time.

Mr Speaker,

The 31st of January 2015 was a victory for the Queensland we know we can be, and a defeat for the kind of Queensland we'd long left behind.

Labor governments will always believe that our most valuable economic assets are our people and our communities. When a measured and responsible approach is needed and fairness must be restored – we're there to put in the hard work.

Labor Budgets reflect this.

Labor Budgets are positive.

They are optimistic.

They seek to challenge, to extend, to grow new industries, to tackle the enduring tests with optimism about the future.

A Better Way

Mr Speaker, today I introduce a Budget that delivers on the plan that Labor took to Queenslanders.

Consistent with our approach to responsibly manage the State's finances, the Palaszczuk Government's first Budget delivers on all of the commitments we made at the election.

And as promised, we have more than offset that spending.

On final analysis, our election commitments have been estimated by Treasury to cost \$1.97 billion over the next four years.

Through offsets and reprioritisations, funding of \$2.31 billion was identified, providing a net fiscal improvement of \$340 million.

This has been achieved without redundancies – forced or voluntary.

Mr Speaker, we told the people of Queensland, that we would improve front line services.

This Budget delivers.

We said we would have an operating surplus and that we would not introduce new taxes, fees and charges.

This Budget delivers.

We said we had a plan to grow the economy and to deliver jobs – jobs now, and jobs for the future.

We said there was a better way – one that did not involve selling the State's income-generating assets.

This Budget keeps that promise.

Budget Strategy

Mr Speaker, we also said we would manage the State's finances responsibly.

Today I can confirm that for the 2014-15 year, the Palaszczuk Government expects a \$962 million surplus.

And I am proud to advise that for 2015-16, we are forecasting a surplus of \$1.2 billion.

Queensland has not achieved a surplus of this size in nearly a decade - not since 2006-07.

What's more, the Palaszczuk Government is forecasting surpluses above \$2 billion for both 2016-17 and 2017-18.

The combined surpluses over the next four years will be \$6.9 billion.

These surpluses are achieved notwithstanding a forecast reduction of royalty revenue since the Mid Year Fiscal and Economic Review and a \$396 million write-down in payroll tax.

These surpluses are achieved through a measured, responsible approach to balancing the books.

More importantly, these surpluses represent the underlying strength of the Queensland economy and position the State to capture sustainable economic growth.

Operating expenses – excluding natural disaster payments – are forecast to grow on average by 4.1% across the forward estimates.

This is a sustainable rate which is lower than forecast revenue growth of 4.3%, even with the significant revenue write downs seen in this Budget.

Economic outlook

Mr Speaker, Queensland has an economy that faces the world and trades with all parts of it.

And while enormous benefits come with such an outlook, there are also impacts.

The global economic outlook has softened over the last year, with continued financial uncertainty in the Eurozone and sharp declines in world commodity prices.

What happens to oil prices as a result of decisions made in Saudi Arabia, matters to Queensland.

What happens to steel production in China, impacts upon the Queensland economy and the Queensland Budget.

And what we have seen as a result of global conditions is a \$3.2 billion write-down in royalties since the MYFER.

There is no doubt our revenues have taken a hit.

Overall, revenue growth has fallen from 6.1% last year to a forecast 3.2% in 2015-16.

Mr Speaker, this is partly because Queensland has an economy in transition.

Not just from resource sector construction to production – although this is a big part of our journey.

When Labor was last in government we set out a blueprint for the establishment of a \$60 billion LNG industry.

This investment was both historic and significant, and as a result a new industry is now a reality.

\$648 million worth of LNG exports have left the Port of Gladstone so far in 2015.

The success of this new industry underscores the duty of responsible Governments to always be seeking out ways to diversify the economy, rather than rely on past successes.

Mr Speaker, we are transitioning to a multi-faceted service economy, with growth industries in health and human services, particularly disability services, education exports, bio-technology and a burgeoning tech sector.

As Labor helps to facilitate this transition, our economic growth and labour market will strengthen.

Mr Speaker, I can announce today that Queensland's economic growth is forecast to improve, from 2% in 2014-15 to 4½% in 2015-16 and 2016-17.

As a testament to the Queensland economy's enduring strength, this is stronger growth than any other State in the country.

Mr Speaker, as the economy grows, we need jobs to follow.

In 2014-15, employment growth slowed to half a percent.

This was the weakest result since 2012-13 when the previous government undertook severe cuts to the government workforce.

But employment growth is forecast to improve to 2% by the end of this term.

This reflects improving domestic activity, including an increase in household spending, dwelling investment and the lower Australian dollar improving the competitiveness of the services export sector.

This will encourage more Queenslanders to participate in the labour market.

Unemployment, however, is forecast to remain around 6% over the coming years.

Mr Speaker, this is too high.

Putting downward pressure on the unemployment rate will be the enduring challenge of this term.

There is nothing more important for each and every Queenslander than to have the opportunity to gain work.

Labor believes in Queensland, and in Queenslanders.

We believe in the value and dignity of work, in opportunity, equality, and fairness.

It is the very reason why the success of our \$1.6 billion *Working Queensland* jobs measures in this Budget are so critical.

Jobs now, jobs for the future

The Palaszczuk Government went to the election promising jobs now and jobs for the future.

This Budget delivers for those Queenslanders seeking a job by implementing our commitment to the *Working Queensland* jobs plan.

More Queenslanders in work means a more prosperous and inclusive future for us all.

Our *Working Queensland* jobs plan will help create the conditions for growing jobs and building new businesses.

Specifically, it will focus on five key priorities:

1. Improving skills and training
2. Enhancing business productivity
3. Boosting Government services
4. Fostering emerging and innovative industries
5. Building our regions.

A key element of this Budget's \$1.6 billion jobs plan is the *Skilling Queenslanders for Work* initiative, which will support some 32,000 Queenslanders back into work.

A return of around \$8 into the economy from every \$1 invested.

Skills improvement will be crucial and the role to be played by the revitalised TAFE sector is significant.

Additional funding of \$34.5 million will be provided over four years to restore TAFE to its rightful place – delivering more foundation courses, more TAFE qualifications through schools and more TAFE teachers.

To better align skills demand and long-term workforce planning, we will also allocate \$40 million to the establishment of *Jobs Queensland* as an independent statutory authority.

And Government will play its part, with 10% of the workforce on all Government projects required to be apprentices and trainees.

This now applies for the first time to Government-owned businesses and for public-private partnerships over a certain size.

Mr Speaker, this is a budget that will support business.

It factors in our legislated *payroll tax rebate for apprentices and trainees*, resulting in an estimated \$45 million in tax savings for businesses to reinvest.

Small business will be supported via initiatives such as the *Entrepreneurs of Tomorrow* fund, which will help stay-at-home parents grow their home-based businesses.

Like Elise Easdown, a Brisbane 'mumpreneur' with three young children and a growing online business called 'What's On 4', which she started from home.

It is now an international business providing an online directory for family friendly events, and kids party planning worldwide.

Local infrastructure for local jobs

Mr Speaker, Labor Governments recognise that there are times when economic uplift is required, in order to deliver jobs now.

In a decentralised state like Queensland, Government building projects help deliver employment when and where it's most needed.

Today's Budget includes an estimated \$10.1 billion spend on infrastructure across Queensland, supporting an estimated 27,500 direct jobs.

This year's capital works Budget is higher by nearly \$400 million, compared to the estimated actual spend last year.

The infrastructure priorities in this Budget are about getting value for money from the delivery of real and tangible local projects right now.

Mr Speaker, today I can announce that this year's Budget includes an injection of \$500 million of new money over four years for a *Statewide Schools and Hospitals Fund*.

Real Labor Budgets have education and health at their heart, and these will be the sorts of local hospital and school refurbishments that support local jobs and families.

\$180 million of this \$500 million package will be spent on enhancing regional hospitals.

Essential improvements will be made to hospitals including Caloundra, Roma, Hervey Bay and Gladstone.

This is in addition to the nearly half a billion dollars that will be spent this year alone to continue delivery of the Sunshine Coast University Hospital.

Education maintenance will receive a crucial \$300 million boost over the next four years.

This is new funding over and above Education Queensland's base budget for maintenance.

These funds will start to address the education maintenance backlog left over recent years.

The \$300 million education maintenance boost will give Queensland families access to quality educational facilities.

Mr Speaker, the Auditor-General has recommended that Queensland invest 1% of the value of its education asset base – per annum – in improving school facilities.

This Budget meets that baseline.

We will see schools refurbished across the length and breadth of Queensland.

Our State Schools, High Schools and Special Schools.

Local projects that will benefit painters, carpenters, tilers and floorers, electricians, plasterers, plumbers and other trades right around the State.

Local tradespeople will be able to register their interest and become an accredited supplier of works, as part of this \$300 million education maintenance boost.

An example of where this government is taking a new approach to education maintenance, is a trial currently underway to upgrade all state schools in the Roma area.

This involves refurbishing classroom spaces, some built in the 1950s for a 1950s curriculum, into modern facilities for a modern curriculum.

The Department of Education is giving preference to regional contractors to support local employment, with a focus on apprentices and trainees.

This will help ensure the economic and social benefits of local projects stay in the region.

Early indications from the Roma trial are that these changes will achieve at least 20% savings, compared to the traditional way of doing things.

Mr Speaker, I can also announce today, with funds set aside in this Budget, that three new future schools will be built in regional Queensland.

A new \$25 million Special School will finally be built in Cairns, in time for the 2017 school year.

In North West Townsville, \$50 million will be spent on a new primary school to be built in time for the 2018 school year. While \$40 million will enable construction to begin on a new Townsville high school to open by 2020.

These will be schools fitted with the technology required to prepare our next generation for the knowledge-economy.

Advance Queensland

Mr Speaker, the Palaszczuk Government wants Queensland workers of today to have access to the new jobs of the future.

Queensland's geographical proximity, our shared time zone with Asia and our shared tropical climate with around half the world's population, positions us perfectly as a gateway to the fastest growing regions in the world.

This presents Queensland with immense global opportunities by:

- building on our world recognised expertise in areas such as medical science, biotechnology and robotics – sharing our tropical expertise with the world
- unlocking our untapped startup potential to turn innovative ideas into new products and services.

The source of Queensland's enormous potential continues to be our people – our human capital.

The Palaszczuk Government is positive about Queensland's future because we believe in the ability of this and the next generation to drive innovation, build a stronger economy and create jobs.

We need to act now if we want to remain and thrive as a global innovation hub.

Advance Queensland is the next important step.

Our *Advance Queensland* strategy was a key point of difference for Labor during the January election.

One of the centrepieces of this Budget is that *Advance Queensland* has been boosted, from an election commitment of \$50 million, to a \$180 million investment.

An investment in innovation, in skills, in education, in business development and in a startup culture to deliver knowledge-based jobs now and into the future.

Without a focus on science and innovation in Queensland, Professor Ian Frazer would not have developed the world's first cervical cancer vaccine here.

And without the Translational Research Institute, we would not be able to keep researchers employed in Queensland, exporting future breakthroughs to the world.

We want to attract and develop the best and brightest talent in Queensland, translate our science and technology ideas into commercial and employment outcomes, and play our role in supporting a thriving startup eco-system.

This *Advance Queensland* investment is expected to co-leverage funding and generate total investment of \$300 million.

Advance Queensland will include a \$50 million *Best and Brightest Fund* to develop, attract and retain world-class talent – both scientific and entrepreneurial.

Mr Speaker, *Advance Queensland* will also see \$46 million invested through a *Future Jobs Strategy* that will open the door to new industry and research collaborations, tackle the big innovation challenges, focus on translation and deliver 10-year roadmaps for industries with global growth potential.

Three partnerships have already been identified following the Premier's overseas trade mission to the United States:

- the Queensland Emory Drug Discovery Initiative
- a new Siemens Innovation and Translation Centre at the Translational Research Institute, and
- the Government will support the establishment of a Johnson & Johnson Partnering Office to be located within QUT.

As a Government, we know that the real drivers of economic change are entrepreneurs and ambitious businesses.

That's why *Advance Queensland* will deliver a \$76 million *Business Investment Attraction* package.

To encourage a new wave of Queensland startups, to provide new opportunities for small business, to support proof-of-concept projects and attract co-investment.

Currently only seven per cent of Australia's tech startups are in Brisbane.

Tech startups are vital to job creation and prosperity.

Studies have found that each technology job created leads to five additional jobs in other sectors.

Halfbrick Studios is a Brisbane tech startup success story.

Without it, the world wouldn't have 'Fruit Ninja'.

Brisbane also wouldn't have the global headquarters of one of the world's most powerful App developers, employing 85 Queenslanders, with a further 11 positions advertised on their website right now.

To build on successes like Halfbrick, this Budget delivers a \$24 million Startup Queensland program, as part of the *Advance Queensland Business Investment Attraction* package.

We will be examining opportunities to offer a time-limited research and development tax credit matching program for technology startups establishing or relocating to Queensland.

We will also provide a three year payroll tax exemption for new companies established in Queensland as part of *Advance Queensland* research programs.

Mr Speaker, the *Advance Queensland Business Investment Attraction* package will include \$52 million to improve access to finance and management support for start-ups and SMEs with ambition to grow in international markets.

This will include a \$12 million *Queensland Commercialisation Program* to support proof-of-concept projects designed to lead to new products and services.

And a \$40 million *Business Development Fund* to provide seed co-investment, to encourage greater angel and venture capital investment in Queensland businesses, to help turn good ideas into a commercial reality.

Mr Speaker, across a spectrum of initiatives, the \$180 million *Advance Queensland* package will provide a roadmap for diversifying our economy and growing the jobs of the future.

Building our regions

Mr Speaker, I'm proud to be a Treasurer from regional Queensland – the first since the late 1980s.

During the election we promised that the *Building Our Regions* fund would commence from 2016-17.

However, in light of the need for jobs-generating infrastructure projects to help provide economic uplift to Queensland sooner, I can announce today, Mr Speaker, that this funding has been brought forward by a full year to commence in 2015-16.

Over the next two years, local councils in rural and regional Queensland will share in an additional \$200 million in infrastructure, through the *Building Our Regions* fund.

\$55 million of this commitment will be set aside for royalty producing local government areas to improve infrastructure in the communities where royalties are actually generated.

From our regional centres to the outback, this Budget recognises that some parts of Queensland are doing it particularly tough.

That's why we will provide \$52 million of drought relief in this Budget, including emergency rebates and freight subsidies.

We will also provide mental health support and bio-security initiatives such as wild dog eradication.

In addition, \$9.5 million will support the bio-security response to the detection of Tropical Race 4 Panama disease – to protect the future of North Queensland's banana industry.

In the North West and South West of our State, we will deliver a \$40 million *Western Roads Upgrade Program*, to improve roads and keep road crews on the job.

Central Queensland has also been doing it tough in the aftermath of Tropical Cyclone Marcia.

The final damage bill was around \$750 million but there have been untold impacts on those communities.

Today I can announce the provision of \$25 million to revitalise the Yeppoon Foreshore and \$15 million to restore the Rockhampton Riverbank.

We have stepped in to fund these cyclone recovery projects, despite the Federal Government rejecting our request for assistance.

Infrastructure

Mr Speaker, this is an infrastructure Budget – one which delivers over \$10 billion in capital investment, supporting 27,500 direct jobs.

This investment includes a \$4 billion Transport and Roads program to build and upgrade the key transport arteries that will keep Queensland moving:

- upgrading of the Gateway Motorway North to six lanes

- the commencement of the Toowoomba Second Range Crossing
- a suite of roads projects on the Gold Coast in preparation for the Commonwealth Games, and
- further duplication works on the Bruce Highway.

The capital program includes \$300 million for rail improvements, including early spending to deliver 75 new trains by December 2018.

And business can have certainty that a pipeline of all major infrastructure projects will be properly sequenced through the State-wide Infrastructure Plan and properly costed through *Building Queensland* to deliver maximum value for money.

Restoring frontline services

Mr Speaker, I am proud this is also a Budget that will restore frontline services, with record investment in health and education, to repair the neglect of the last three years.

We will spend more on health and education than ever before, ensuring that the quality of our hospitals and schools are returned to the level Queenslanders expect and deserve.

Health

Queensland Health's budget will grow by 4% to \$14.2 billion this year, the largest on record, and continue to grow across the forward estimates.

This increase includes growth funding of \$2.3 billion over four years for Queensland Health to deliver frontline services and improved health outcomes for all Queenslanders.

Mr Speaker, the previous Government had chronically underfunded Queensland Health.

Today's Budget redresses this.

In addition, \$361 million is provided over four years to implement the *Outpatient Long Wait Reduction Strategy* to finally address what the former Government wouldn't admit to...

The 'wait for the wait list'.

This funding has been provided in difficult circumstances, given the Commonwealth's \$11.8 billion in cuts to health have not been restored.

And make no mistake, the Commonwealth's cuts are still expected to place considerable pressure on the Health budget in the out-years.

Mr Speaker, the Palaszczuk Government made a commitment to our State's tireless nurses that we would support them to offer the best in patient care.

Today's Budget includes the funding required to deliver on our election commitment to support up to 4,000 new graduate nursing places, as well as employ 400 Nurse Navigators across our Hospital and Health Services to work with patients, assisting them to navigate across the health system.

As a government that looks to address the challenges of the future, we will invest in tackling preventable conditions like type 2 diabetes and heart diseases.

We will do this by partnering with peak bodies to deliver dynamic and proven preventative health programs.

Education

Mr Speaker, ours is a Government that cares for Queensland families and recognises the importance of investing in our next generation.

That's why we have ensured Queensland's education and training budget is also a record spend, growing by over 7% to \$12.4 billion in 2015-16.

Instead of cutting resources to our schools, we are investing in our schools and our children.

Additional funding of nearly \$250 million over four years is provided to lower class sizes and to provide an extra 875 teachers – including 275 specialist teachers for high schools.

An additional 45 guidance officers will be provided for Queensland secondary schools so that every high school over 500 students will have access to a full-time equivalent guidance officer.

We are providing additional funding to our teaching principals who work in our small schools across the State to enable them to better manage the running of their schools.

We will provide enhanced middle management in our primary and special schools to help deliver the curriculum of the future

As well as increased teacher release time to facilitate greater planning, curriculum co-ordination and collaboration time.

If we want our children to be equipped for the jobs of the future, we need to resource and support our principals, teachers and support staff to get the job done.

Public Safety

Mr Speaker, the Palaszczuk Government values the safety of the community and is investing in that safety.

The Government has allocated \$31 million over four years as a preliminary response to the *Not Now, Not Ever Report*.

We will soon release a draft *Queensland Domestic and Family Violence Prevention Strategy* for public consultation.

Funding of \$32 million over four years is allocated in this Budget to address alcohol-fuelled violence across the State.

A further \$20 million over four years will be provided to the Police Service to target organised crime, alcohol fuelled violence and the drug ICE.

And having seen first-hand their importance, \$6 million has been allocated over three years for body worn cameras to improve safety for our police officers.

Frontline services will be bolstered with:

- 266 new police officers
- 977 new and replacement police vehicles
- 155 new and replacement ambulances, and
- 75 additional paramedics.

\$65 million has also been allocated for new and upgraded fire and emergency services facilities and equipment.

Tourism

Mr Speaker, when it comes to tourism, Queensland is where Australia shines.

Under the previous Government, however, no funding certainty was provided for the tourism Budget beyond 2014-15.

The former Government budgeted to cut funding for Tourism and Events Queensland to around half its 2014-15 level by 2018-19, which would have had a real impact on major events, marketing campaigns and on regional tourism operators.

It potentially put a question mark over major events such as the V8 Supercars, Australian Festival of Chamber Music – even the Cairns Amateur Racing Carnival.

All of which support thousands of jobs and generate millions of dollars for the Queensland economy.

The Palaszczuk Government is determined to grow tourism in our state because we know it supports more than 131,000 direct Queensland jobs.

Today's Budget restores tourism and events funding, providing a total budget of around \$400 million over four years so the industry can move forward with confidence.

This funding certainty will help grow the capacity of Tourism and Events Queensland, to promote our destinations and drive our tourism growth.

The Environment

Mr Speaker, no government in history has been more committed to protecting the Great Barrier Reef than the Palaszczuk Government.

This commitment has been recognised by UNESCO and the World Heritage Committee.

We will provide an additional \$100 million over five years to protect the iconic Great Barrier Reef.

This funding will enable investment in water quality initiatives and scientific research, together with helping businesses to transition to better environmental practices.

We will also improve coordination of existing Reef water quality spending through annual investment plans and reports.

This addresses the deficiencies recently highlighted by the Auditor-General.

Communities

Mr Speaker, one of the fundamental social reforms of this generation is the National Disability Insurance Scheme – a Labor initiative that I've supported since my first term.

Queensland deserves a launch site to ensure that we are ready to participate in the NDIS from 1 July 2016.

Funding of \$1.9 million has been set aside for the launch, which will enable up to 600 people with a disability to progressively commence access to reasonable and necessary services in preparation for the NDIS.

Mr Speaker, families will be supported in this Budget with \$6.6 million over two years to deliver an innovative program of parenting support.

The *Positive Parenting Program* will include a state-wide free service, providing face-to-face and online training to help improve parenting skills.

Seniors too will be supported in this Budget, with the provision of \$233 million in concessions over the next four years for electricity, water and transport that were cut by the Commonwealth Government.

Innovative approaches

Mr Speaker, when it comes to tackling complex social and economic challenges, the Palaszczuk Government is committed to innovation.

We intend to take a collaborative approach to working with the private sector and NGOs on financing solutions to difficult problems.

After several months of investigation, I can announce that the Government will pilot three Social Benefit Bonds.

These Bonds will examine ways to partner with service providers and the private sector in the areas of re-offending, homelessness and Indigenous disadvantage.

This initiative will aim to source funds from private investors and provide a return when agreed social outcomes are met – improving service delivery and saving money.

I can also announce today that the Government will launch a new Market-Led Proposals framework to enable the private sector to submit projects for potential partnership with the State.

The business community will be encouraged to propose solutions to major infrastructure challenges, and submit these for coordinated assessment via a Market-Led Proposals portal.

We want to engage more seamlessly with industry to secure new projects – proposals which can capture economic uplift and job opportunities.

Market-led proposals will allow Queensland to look beyond the Commonwealth's failure to help fund Queensland's next-generation infrastructure projects.

It could allow us to consider a genuine partnership with the private sector to deliver projects like Cross River Rail.

Responsible Debt Management

While Queensland's operating position is back in the black, it is clear that the level of debt we are carrying remains too high.

Mr Speaker, it is time to take the politics out of debt. It's time to roll up our sleeves and systematically set about reducing the State's debt levels.

Today I hand down the first Queensland budget in 16 years to reduce debt.

Our *Debt Action Plan* will deliver \$9.6 billion in debt reduction by 2017-18.

This is the first Queensland Budget since 1999-2000 to project a reduction in General Government debt across the forward estimates.

Total borrowings are forecast to be lower over every year of the forward estimates, compared with those forecast by the previous Government.

After factoring in revenue write-downs and critically needed funding for health and education, General Government borrowings are still forecast to be more than \$3.7 billion lower in 2017-18, than they were in 2014-15.

This debt reduction is achieved without selling assets.

It is achieved through a *Debt Action Plan*, prompted by the Review of State Finances.

Review of State Finances

Mr Speaker, in accordance with our 2015 election commitment, the Government commissioned Queensland Treasury to undertake a review of the State's finances, for publication as part of the first State Budget of the term.

We saw no need to employ highly paid external people – certainly not a former federal Treasurer.

We had confidence in the independent officers of Treasury for such a task.

The Review of State Finances made recommendations for a revised set of fiscal principles that will see the Government direct its focus towards targeting a reduced General Government debt-to-revenue ratio over this term.

In 2014-15, Queensland's debt-to-revenue ratio was 87%.

The Review of State Finances advised that a reduction to between 70-80% over the next decade was desirable.

Today I can confirm that as a result of measures taken in this Budget, Queensland's debt to revenue ratio will be reduced to around 70% – not over the next decade, but over the forward estimates.

Debt Action Plan

Achieving these fiscal principles requires a new approach.

The Government's *Debt Action Plan* will refocus the State's balance sheet through three initiatives.

A \$4.1 billion reduction in General Government debt is achieved from re-gearing our energy network businesses.

This is the first step in merging these businesses as committed at the election.

It was recommended by the independent Treasury's Review of State Finances, and is supported by analysis by KPMG which states that there will be no impact on electricity prices.

With these assets staying in government ownership, we have an obligation to make them work harder and more efficiently for the people of Queensland.

This will result in lower General Government interest expenses of around \$600 million over the forward estimates – without the need for asset sales.

The second measure of our *Debt Action Plan* will see total State debt reduced by a further \$3.4 billion, through meeting Long Service Leave obligations on an 'as required basis', rather than holding a central investment allocation.

This measure was also identified by the Review of State Finances.

Queensland is the only Australian jurisdiction to fund long service leave in this manner.

The standard practice of all other States and Territories is to fund long service leave when the leave is taken.

The Government considers the current approach of holding significant financial assets – at the same time as significant levels of debt – is no longer appropriate.

Importantly, there will be no change for employees, who will not experience any difference in the way their long service leave is paid.

Long service leave entitlements are guaranteed by legislation, and will be paid when claimed.

This measure will allow us to reduce interest repayments by just under \$600 million over the forward estimates – without the need for asset sales.

The third element of our *Debt Action Plan* will see total State debt reduced by \$2 billion over five years, through a time-limited suspension of annual employer contributions to the Defined Benefit Scheme.

The Scheme will remain 100% fully funded at all times.

Mr Speaker, Queensland is the only Australian jurisdiction to fully fund its defined benefit superannuation liabilities.

The Palaszczuk Government made an election commitment that we would target full funding of long-term liabilities – such as superannuation and WorkCover – in accordance with actuarial advice.

And we have confirmed this commitment again as a fiscal principle in today's Budget.

Recent valuations by the State Actuary indicate the defined benefit scheme currently has a funding surplus of more than \$10 billion.

On the more conservative accounting basis, the scheme currently has a surplus in the range of \$2 billion to \$2.5 billion.

Given the size of the surplus and the importance of reducing the State's debt, the Government will suspend employer contributions in the defined benefit scheme for up to five years.

No money is taken out.

Nothing is being raided.

To suggest anything else is playing politics and scaremongering.

The degree to which employer contributions need to be increased or decreased is assessed every three years by the boards of most superannuation funds – based on actuarial advice.

In this case, the State Actuary has provided written advice that this measure can be undertaken, with the scheme remaining fully funded for its approximately 50,000 members – as is guaranteed by legislation.

Again, importantly, there will be no change in entitlements for defined benefit members and the scheme will remain at least 100% fully funded.

There will also be absolutely no change to the accumulation superannuation scheme to which the vast majority of the Queensland public service belong.

This measure will reduce State debt by \$2 billion over five years and result in lower interest expenses of around \$150 million over the forward estimates.

Again, without the need for asset sales.

Mr Speaker, the combined impact of these three initiatives is General Government debt reduction of \$9.6 billion over this term

And a reduction in our total interest bill of around \$1.35 billion over the forward estimates.

All without the need to massively raise taxes, fees and charges, and without the need for the asset sales that we were told by the former government were our 'only choices'.

This is a responsible step-change in approaching the State's debt, and one that should be supported by all members of this House.

This Government will always be vigilant about the quality of our credit and responsibly managing the finances.

Next steps

Mr Speaker, while this may be the Palaszczuk Government's first Budget, it will not be the last to pay down debt over the forward estimates.

The measures announced today cannot simply be one off measures.

The importance of strong fiscal discipline going forward cannot be understated.

We will continue to look at ways to improve the State's finances, consistent with both our core principles and our fiscal principles, and our commitment to grow a vibrant Queensland economy.

Over the next six months we will work with Treasury to examine ways for Queenslanders to invest in Queensland.

This due diligence work may include enabling the defined benefit scheme to invest in growing Queensland infrastructure through our energy GOCs.

The defined benefit fund currently invests Queensland money in a range of interstate and overseas infrastructure, including Thames Water in the UK and the Ohio University car parking system in the US.

The fund is also currently carrying historically high levels of cash that could be responsibly invested in Queensland to deliver much needed employment and economic growth.

Our guiding principle will always be no sales and no leases of our income-generating assets.

These assets will always be 100% owned by Government, 100% controlled by Government and 100% of all dividends continuing to be paid to the Government.

But we will look at new approaches, new partnerships and better ways of doing things – to create jobs and deliver growth.

Unlike the previous Government, we will grow our way to prosperity.

Not take the easy option of austerity measures and asset sales.

That hasn't worked elsewhere in the world and it won't work for Queensland.

Conclusion

Mr Speaker, we are a collaborative and consultative government.

We've listened to the concerns of Queenslanders and we've acted to heal the wounds opened by the former government.

Their approach was about asserting the primacy of fiscal austerity, over compassion and consideration for the whole community.

They were more concerned about bankers than battlers.

More concerned about meeting the needs of company executives, than the needs of everyday Queenslanders.

The former government missed a fundamental truth.

That is, the crucial role people play, and that the economy is part of the overall framework by which we live.

The economy is simply a description of our circumstances, and the finances are but a tool to build a community.

People must always be seen as more than simply a number.

I am unashamedly a Treasurer who likes people.

And we are a government that will work to see society and the economy fit together for the greatest benefit.

Mr Speaker, this is a responsible and measured Budget – pro-growth and pro-jobs – which delivers vital funding for health and education.

The Budget demonstrates our responsible fiscal management.

It is the first Budget in 16 years to reduce debt every year of the forward estimates.

Mr Speaker, this Budget demonstrates that there is a better way.

It sets Queensland on a new course.

A return to growth.

A return to optimism.

As Queenslanders get back to work, as businesses get back to hiring, as we get on with the job of growing the economy.

And as we secure Queensland's most priceless natural asset for future generations – the Great Barrier Reef.

This is a Budget that's prepared to undertake long overdue balance sheet measures.

Paying down debt.

Keeping our State-owned businesses in public hands, but operating them like businesses should be.

These are financially responsible reforms.

Reforms that are fair, that promote growth and create jobs.

Jobs now, and jobs for the future.

The jobs we want our children and grandchildren to have.

Hi-tech, knowledge-based jobs.

Jobs that rely on innovation and creativity, and our strengths in education.

Jobs that attract international visitors, that promote export growth, that attract inward investment.

We're building a diversified Queensland economy for the future. One that will thrive – no matter what the global economic conditions.

This is what Queenslanders do.

We believe we can once again lead the way for growth in this country.

Mr Speaker, this Palaszczuk Labor Government will never forget why it was elected:

To get Queenslanders back to work and to grow our economy.

With the next generation always in our minds and in our hearts.

I commend the Bills to the House.

