

ANALYSIS OF QUEENSLAND STATE GOVERNMENT BUDGETED CAPITAL EXPENDITURE BY REGION

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RECOMMENDATION:

That Council notes this report on the analysis of Queensland State Government budgeted capital expenditure by region.

EXECUTIVE SUMMARY:

The Queensland State Government budget for 2022/23 was tabled in Queensland parliament on 21 June 2022. The budget papers provide an analysis of State Government capital expenditure by region. Council Officers have undertaken analysis of this capital expenditure by region. The work supplements analysis of previous State Government budgets over the period 2013/14 to 2021/22.

Highlights of the analysis include:

- Budgeted State Government direct capital expenditure (capital purchases) for the Cairns region for 2022/23 is \$706 million, which is 11% lower than 2021/22 (\$791 million) and 6% lower than 2020/21 (\$750 million).
- Budgeted State Government direct capital expenditure (capital purchases) **per person (capita)** for the Cairns region for 2022/23 is \$2,751 per person. This is the sixth highest per capita budgeted spend of any region in Queensland (behind the Outback, Central Queensland, Wide Bay, Townsville and Mackay). It represents a decrease of 11% compared to 2021/22 when Cairns was the fourth highest region with \$3,089 per person. Whilst there has been a reduction in the budgeted capital purchases per capita for the Cairns region for 2022/23 compared to the two preceding financial years, it is still well ahead of the annual per capita budgeted spend for the Cairns region during the preceding seven-year period 2013/14 to 2019/20.
- Despite the increases in recent years, budgeted capital purchases **per person (capita)** for the Cairns region over the 10 years to 2022/23 remains the lowest of any region outside SEQ (ranked 8th overall).

The reduced capital expenditure for 2022/23 highlighted above is partly due to a number of significant investments now being largely delivered or finalised. These include the Smithfield Bypass, Cairns Southern Access Corridor (Stage 4) Kate to Aumuller Street, and the Cairns Convention Centre expansion.

The Queensland Government is budgeting significant investment across a range infrastructure types in the Cairns region. Major projects within the Cairns Local Government Area contributing to the budgeted capital expenditure for 2022/23 are set out in Table 1 contained in the body of this report.

Whilst not specifically/individually listed in the forward estimates, the Queensland Government Budget Papers also include funding commitments for the following projects of significance to the region:

- Cairns Water Security – Stage 1: \$107.5 million pending finalisation of the Business Case and matched Federal funding; and
- Cairns Marine Precinct (Expansion of the precinct and development of a Common User Facility): \$150 million.

Analysis of State Government budgeted direct capital expenditure per capita at a regional level over the ten years to 2022/23 indicates the per capita allocation for Cairns still remains the lowest of any region outside of South East Queensland (Greater Brisbane and the Gold Coast). It is also noted that the per capita analysis presented in this report has been based on the resident population of each region. The Cairns region also has a significant visitor population. Had this visitor population been included in the analysis, the already significant gap between the Cairns region per capita spend and that of other regions over the past ten years, would have been even wider.

BACKGROUND:

The Queensland State Government budget for 2022/23 was tabled in Queensland parliament on 21 June 2022. Consistent with previous years, the budget papers include analysis of the State Government’s budgeted capital expenditure by region. Regions are defined at the Statistical Area 4 (SA4) level. For the Cairns region, this includes the Cairns Local Government Area (LGA) as well as elements of the adjoining LGAs of Douglas, Cassowary Coast, Mareeba, Tablelands and Yarrabah. Australian Bureau of Statistics (ABS) analysis indicates that the Cairns SA4 region had an estimated resident population of 256,645 as at 30 June 2021. Council officers have undertaken an analysis of the Queensland State Government budgeted capital expenditure per capita by region for 2022/23. This work builds on analysis of previous annual budgets undertaken over the period 2013/14 to 2021/22.

State Government budgeted capital expenditure has two components:

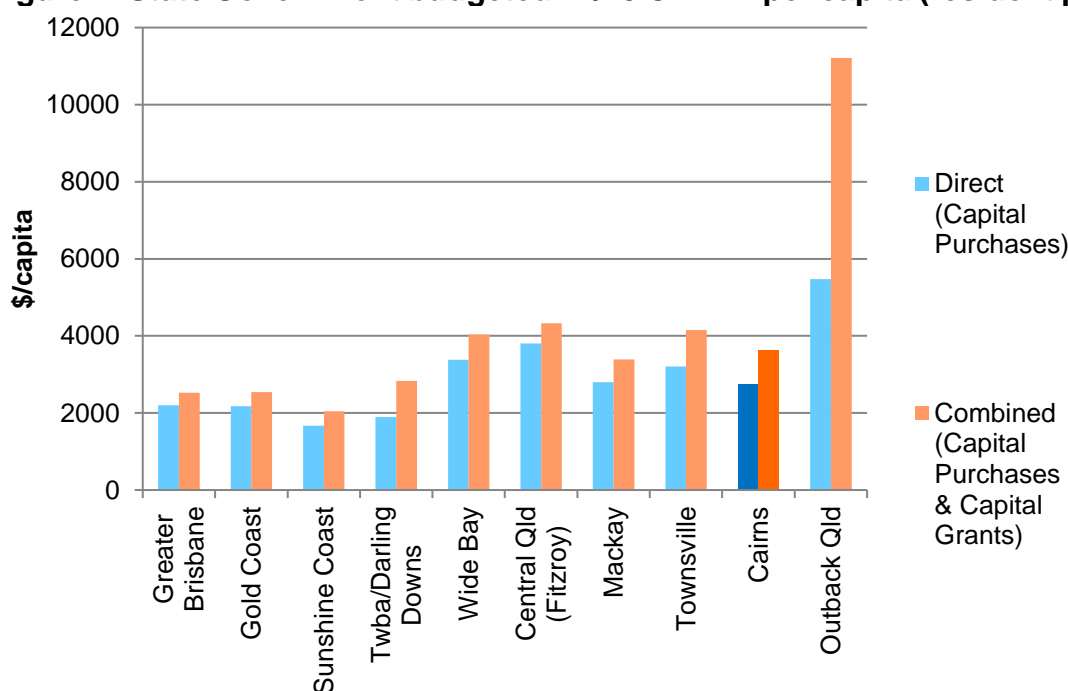
- Capital Purchases (Direct) – capital expenditure budgeted to be incurred directly by the State Government.
- Capital Grants (Indirect) – capital grants budgeted to be provided by the State Government to local governments, non-government organisations and individuals to spend on capital projects.

An analysis has been undertaken on both budgeted Direct (Capital Purchases) and Combined (Capital Purchases and Capital Grants) capital expenditure. The detailed analysis is set out at Attachment 1, with an overview and associated commentary in the body of this report.

COMMENT:

Set out below are some highlights from the detailed analysis.

Figure 1: State Government budgeted 22/23 CAPEX per capita (resident population)



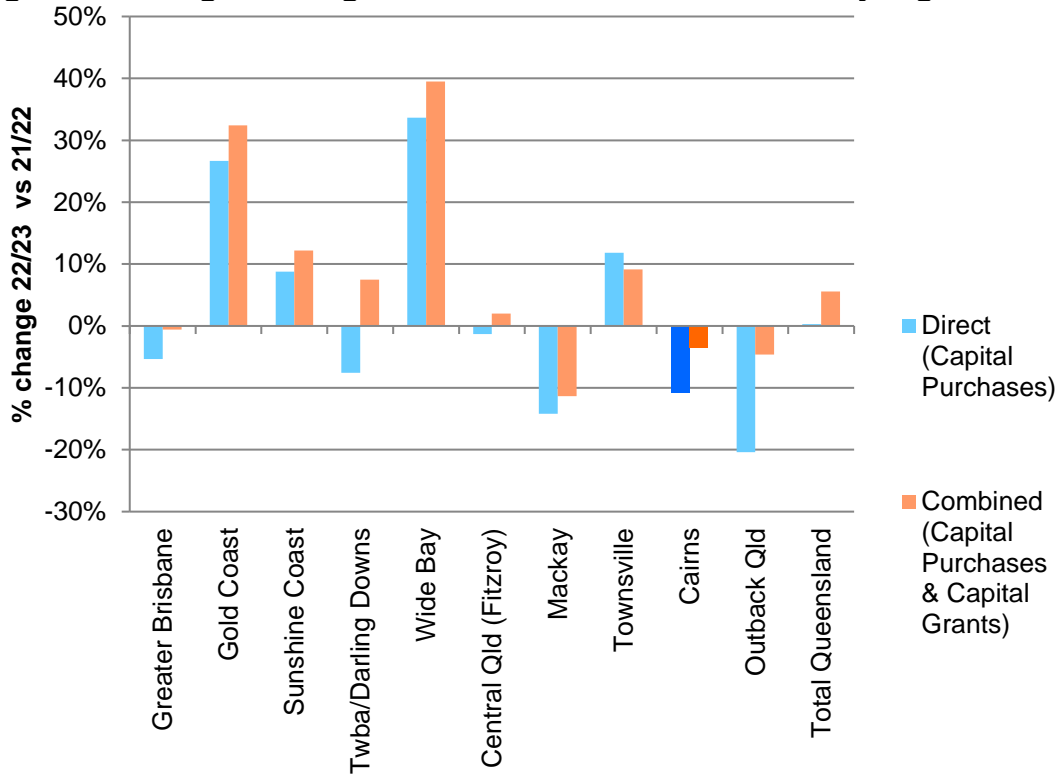
Source: Analysis of QLD Gov 22/23 budget papers and ABS 30 June 2021 regional population data

Observations

Direct budgeted capital expenditure per capita by the State Government in the Cairns region for 2022/23 is the 6th highest in the State and at \$2,751 per person, is above the overall State average (\$2,422 per person). The investment represents a decrease of 11% compared to 2021/22 when Cairns was the 4th highest region with \$3,089 per person.

Combined budgeted capital expenditure per capita by the State Government in the Cairns region for 2022/23 is the 5th highest in the State and at \$3,616 per person, is also above the overall State average (\$2,969 per person).

Figure 2: Change in budgeted State Government CAPEX by region 22/23 vs 21/22



Source: Analysis of QLD Gov 22/23 & 21/22 budget papers (note % change relates to total \$ allocation – not per capita)

Budgeted Direct and Combined capital expenditure for Cairns for 2022/23 were 11% and 3.5% lower than the prior year respectively.

The Queensland Government is budgeting significant investment across a range infrastructure types in the Cairns region. Major projects within the Cairns Local Government Area contributing to the budgeted capital expenditure for 2022/23 are set out in the table on the following page together with expenditure estimates contained in the budget papers for 2023/24 and beyond.

Table 1: Major capital projects (Cairns LGA) and budgeted expenditure

Project	Budgeted expenditure 2022/23 \$M	Estimated expenditure Post 2022/23 \$M
Bruce Highway – Cairns Southern Access Corridor (Stage 3), Edmonton to Gordonvale duplication	117.4 ₁	6.8 ₁
Bruce Highway – Cairns Southern Access Corridor (Stage 5), Foster Road Intersection Upgrade	3.8 ₁	218.9 ₁
Kennedy Highway Cairns to Mareeba (Section 6) – road safety enhancement works	9.0	1.9
Kennedy Highway Cairns to Mareeba (Kuranda Range Intelligent Transport System)	12.8 ₁	10.0 ₁
Cairns Ring Road (Cairns CBD to Smithfield)	10.5 ₁	340.1 ₁
Cairns Southern Access Cycleway	2.9 ₁	10.5 ₁
Cairns Western Arterial Road, Redlynch Connector to Captain Cook Highway duplication	18.2 ₁	272.7 ₁
Cairns Schools – major projects (Cairns State, Cairns West, Clifton, Edge Hill, Gordonvale, Redlynch, Trinity Bay, Woree)	18.8	15.4
Cairns Marine Precinct early works	7.3	14.4
Cairns Convention Centre – expansion and refurbishment (final tranche)	46.1	-
Cairns Health Research & Education Innovation Centre - land acquisition	9.8	-
Cairns Hospital Emergency Department Expansion	20.4	2.8
Cairns Hospital Mental Health Unit	38.2	20.9
Cairns Ambulance Station & Operations Redevelopment	3.4	10.2
Cairns Police Facility Upgrade	6.3	-
Woree Replacement Police Facility	6.0	-
Cairns Advanced Manufacturing Hub	3.3	-
Cairns Diversionary Centre Expansion (Lyons Street)	3.0	-
Far North Queensland Film Studio	12.1	-
Wangetti Trail (incl Mowbray North)	8.9	20.1
Yorkeys Knob, construct boat ramp and floating walkways	6.2	0.7

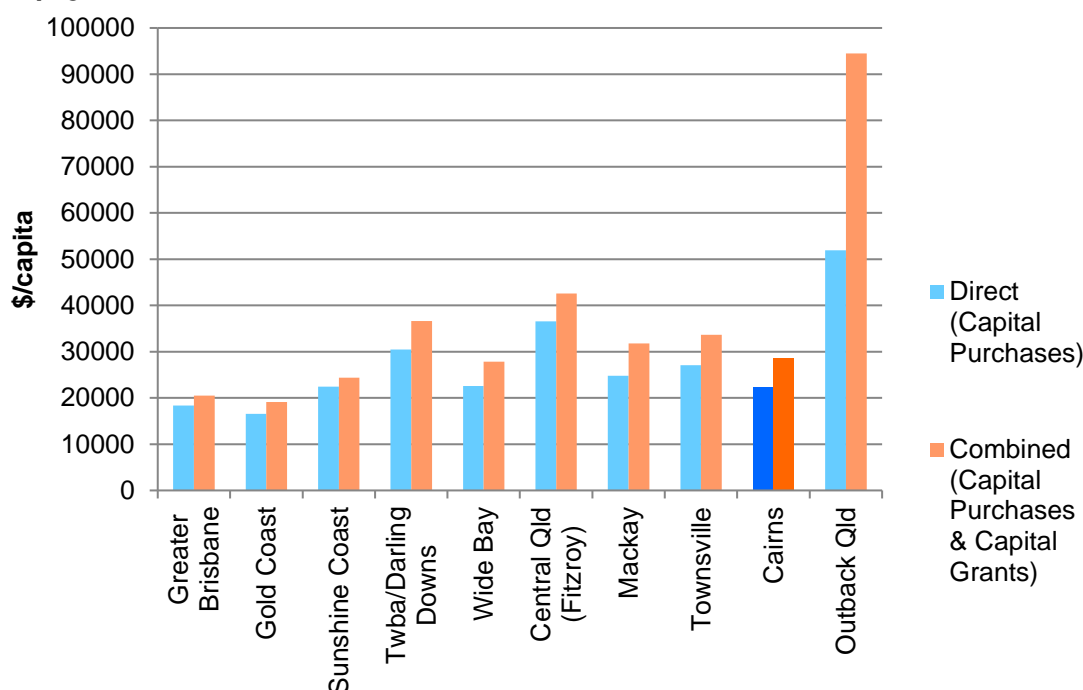
₁ Inclusive of Federal Government contributions

As noted in Table 1, there are a number of significant road projects either already underway or planned in the region over the next decade which will provide a positive contribution to the regional economy both during construction and following completion.

Whilst not specifically/individually listed in the forward estimates, the Queensland Government Budget Papers also include funding commitments for the following projects of significance to the region:

- Cairns Water Security – Stage 1: \$107.5 million pending finalisation of the Business Case and matched Federal funding; and
- Cairns Marine Precinct (Expansion of the precinct and development of a Common User Facility): \$150 million.

Figure 3: State Government budgeted CAPEX per capita over the 10 years 13/14 to 22/23



Source: Analysis of QLD Gov budget papers for the 13/14 through 22/23

Observations

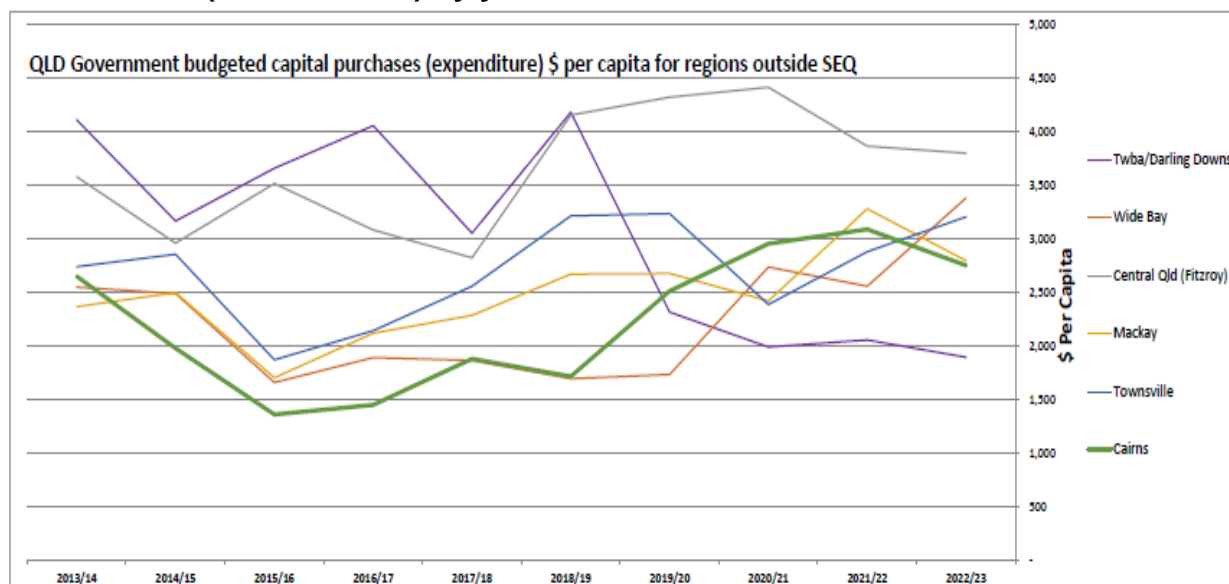
Despite increases in recent years, Direct budgeted capital expenditure per capita by the State Government in the Cairns region over the ten years 13/14 to 22/23 is:

- The lowest of any region in the State outside the Greater Brisbane and Gold Coast regions.
- Significantly below the per capita spend for other regions: 27% less than Toowoomba/Darling Downs; 39% less than the Central Queensland (Fitzroy) region; and 18% less than the Townsville region; and 10% less than the Mackay region.

Again, despite increases in recent years, Combined budgeted capital expenditure per capita by the State Government in the Cairns region for the ten years 13/14 to 22/23 is:

- The lowest of any region outside the SEQ and Wide Bay regions; and
- Significantly below the per capita spend for other regions: 22% less than Toowoomba/Darling Downs; 33% less than the Central Queensland (Fitzroy) region; 10% less than the Mackay region; and 15% less than the Townsville region.

Figure 4: State Government budgeted Direct CAPEX per capita for regions outside SEQ (excl Outback) by year



Observations

The State Government budgeted Direct capital expenditure allocation (per capita) to the Cairns region tracked significantly below that of most other regions outside SEQ until 2020/21. While an upward trend occurred in the three years to 2021/22, in 2022/23 expenditure decreased again by 11% from \$3,089 per person (capita) to \$2,751 per person (capita).

The reduced capital expenditure for 2022/23 is partly due to a number of significant investments now being largely delivered or finalised. These include the Smithfield Bypass, Cairns Southern Access Corridor (Stage 4) Kate to Aumuller Street, and the Cairns Convention Centre expansion. In addition, the proposed Cairns Regional Industrial Estate, which in 2021/22 was flagged for a \$9.5 million investment (total project cost of \$31.5 million) no longer appears to be specifically listed in the 2022/23 Capital Statement.

Had the Cairns region received the same Direct CAPEX budget per capita allocations as certain other regions, there would have been significantly more State Government capital funding and investment allocated to Cairns over the ten years to 2022/23. This is outlined in the following table.

Table 2: Additional Direct CAPEX allocation to Cairns over the ten years to 22/23

If the Cairns region received the same per capita Direct CAPEX allocation as:	Additional budget allocations to Cairns over the ten years to 22/23
Toowoomba/Darling Downs region	\$2.09 Billion
Central Queensland (Fitzroy) region	\$3.64 Billion
Townsville region	\$1.22 Billion

Visitor population

The per capita analysis referred to in this report has been based on the usual resident population of the various regions. It does not take into account the fact that in addition to this, the Cairns region also has a significant visitor population. In the five years to 2020/21, the Cairns LGA welcomed an average of 1.8 million domestic and international visitors per annum, equating to just over 8 million room nights. This represents an additional 22,200 people visiting the Cairns LGA on any given day (5-year average), which equates to an increase of 13.5% of the usual resident population. These visitors also utilise significant components of the region's infrastructure and services. If the Cairns region's visitor population were also considered in the above analysis, the per capita budget allocation to Cairns over the ten years to 2022/23 would be significantly lower, further widening the gap compared to other regions.

OPTIONS:

This report is for noting.

ATTACHMENTS:

Attachment 1: Analysis of State Government budgeted capital expenditure



Nick Masasso
Director – Economic Development and Advocacy

Attachment 1: Analysis of State Government budgeted capital expenditure

CAIRNS REGIONAL COUNCIL

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ANALYSIS OF BUDGETED QUEENSLAND STATE GOVERNMENT CAPITAL PURCHASES BY STATISTICAL AREA (SA4)

Table 1 Comparative Queensland Government budgeted capital purchases by statistical area for 2022-23

Region	A Budget expenditure \$M	Population ²	Budget expenditure per capita \$	Rank Highest (1) to Lowest (10) expenditure per capita	B Budgeted expenditure if state ave per capita applied to all regions	(A - B) Deficit/Surplus \$M
Greater Brisbane ³	5,669	2,582,007	2,196	7	6,253	(584)
Gold Coast	1,433	659,498	2,173	8	1,597	(164)
Sunshine Coast	669	400,366	1,671	10	970	(301)
Twba/Darling Downs	549	289,654	1,895	9	701	(152)
Wide Bay	1,033	305,472	3,382	3	740	293
Central Qld (Fitzroy)	871	229,092	3,802	2	555	316
Mackay	492	175,842	2,798	5	426	66
Townsville	769	239,859	3,206	4	581	188
Cairns	706	256,645	2,751	6	622	84
Outback Qld	453	82,798	5,471	1	201	252
Total Queensland	12,644	5,221,233	2,422		12,644	

1 - Source: Queensland Budget 2022-23 Capital Statement Budget Paper No.3

2 - Source: ABS Estimated Resident Population by Region as at 30 June 2021

3 - Greater Brisbane = Brisbane + Ipswich + Logan-Beaudesert + Moreton Bay

Budgeted capital purchases per capita for Cairns (SA4 region) for 22/23 is the 6th highest overall

Total budgeted capital purchases for Cairns for 22/23 (\$706M) is 10.7% lower than 21/22 (\$791M)

Total budgeted capital purchases per capita for Cairns for 22/23 (\$2,751 per person) is 11% lower than 21/22 (\$3,089 per person)

Table 2 Comparative Queensland Government budgeted capital purchases per capita 2013-14 to 2022-23

	2022-23 ⁴ \$/capita	2021-22 ⁴ \$/capita	2020-21 ⁴ \$/capita	2019-20 ⁴ \$/capita	2018-19 ⁴ \$/capita	2017-18 ⁴ \$/capita	2016-17 ⁴ \$/capita	2015-16 ⁴ \$/capita	2014-15 ⁴ \$/capita	2013-14 ⁴ \$/capita	10 Year Total \$/capita	Rank (10 Year) Highest (1) to Lowest (10) Per Capita Allocation
Greater Brisbane	2,196	2,339	2,524	2,190	1,810	1,547	1,403	1,205	1,408	1,737	18,359	9
Gold Coast	2,173	1,738	1,514	1,146	1,023	1,356	1,596	1,606	1,736	2,654	16,542	10
Sunshine Coast	1,671	1,565	1,939	2,180	2,086	1,620	3,323	2,882	2,849	2,304	22,418	7
Twba/Darling Downs	1,895	2,057	1,992	2,315	4,184	3,052	4,057	3,660	3,169	4,111	30,493	3
Wide Bay	3,382	2,558	2,738	1,735	1,695	1,865	1,891	1,659	2,488	2,550	22,561	6
Central Qld (Fitzroy)	3,802	3,868	4,418	4,323	4,156	2,824	3,083	3,517	2,963	3,579	36,532	2
Mackay	2,798	3,280	2,422	2,678	2,670	2,284	2,120	1,703	2,499	2,367	24,820	5
Townsville	3,206	2,880	2,387	3,235	3,214	2,560	2,143	1,870	2,857	2,742	27,094	4
Cairns	2,751	3,089	2,955	2,512	1,715	1,879	1,451	1,360	1,978	2,650	22,339	8
Outback Qld	5,471	6,876	5,271	4,920	4,316	4,170	5,446	6,728	4,252	4,444	51,894	1
Total Queensland	2,422	2,435	2,477	2,263	2,115	1,835	1,972	1,816	1,988	2,333	21,656	

4 - Source: Cummings Economics, Analysis of QLD Budgeted Capital Purchases Per Capita by Region (based on 2014 residential population and analysis of QLD Government Budget Papers for the period 13/14 to 16/17)

5 - Source: Cairns Regional Council, Analysis of QLD Budgeted Capital Purchases Per Capita by Region (based on QGO residential population and analysis of QLD Government Budget Papers for 17/18 to 22/23)

Budgeted capital purchases per capita for the Cairns region over the ten years to 22/23 remains the lowest of any region outside the SEQ (ranked 8th overall)

ANALYSIS OF BUDGETED QUEENSLAND STATE GOVERNMENT CAPITAL PURCHASES BY STATISTICAL AREA (SA4)

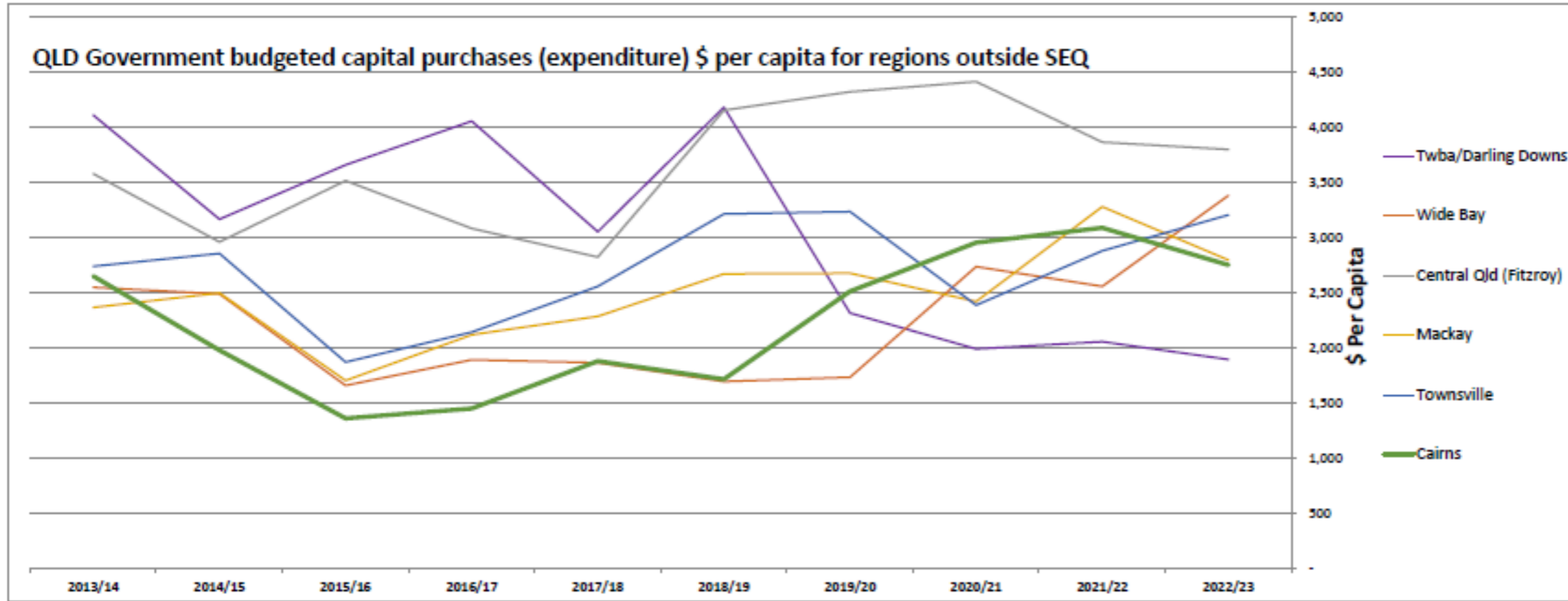


Table 3 Additional Queensland Government budgeted capital purchases for Cairns over the 10 years to 22/23 had per capita spending been equivalent to:

	10 years to 22/23
	\$M
Twba/Darling Downs	2,092
Wide Bay	57
Central Qld (Fitzroy)	3,642
Mackay	637
Townsville	1,220

CAIRNS REGIONAL COUNCIL

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ANALYSIS OF BUDGETED QUEENSLAND STATE GOVERNMENT CAPITAL PURCHASES AND GRANTS (EXPENDITURE)
BY STATISTICAL AREA (SA4)

Table 1 Comparative Queensland Government budgeted capital purchases & grants (expenditure) by statistical area for 2022-23

Region	A Budget expenditure \$M ¹	Population ²	Budget expenditure per capita \$	Rank Highest (1) to Lowest (10) expenditure per capita	B Budgeted expenditure if state ave per capita applied to all regions	(A - B) Deficit/Surplus \$M
Greater Brisbane ³	6,519	2,582,007	2,525	9	7,667	(1,148)
Gold Coast	1,673	659,498	2,537	8	1,958	(285)
Sunshine Coast	819	400,366	2,046	10	1,189	(370)
Twba/Darling Downs	820	289,654	2,831	7	860	(40)
Wide Bay	1,233	305,472	4,036	4	907	326
Central Qld (Fitzroy)	992	229,092	4,330	2	680	312
Mackay	596	175,842	3,389	6	522	74
Townsville	996	239,859	4,152	3	712	284
Cairns	928	256,645	3,616	5	762	166
Outback Qld	928	82,798	11,208	1	246	682
Total Queensland	15,504	5,221,233	2,969		15,504	

1 - Source: Queensland Budget 2022-23 Capital Statement Budget Paper No.3

2 - Source: ABS Estimated Resident Population by Region as at 30 June 2021

3 - Greater Brisbane = Brisbane + Ipswich + Logan-Bendalong + Moreton Bay

Budgeted capital purchases and grants per capita for Cairns (SA4 region) for 22/23 is the 5th highest overall

Total budgeted capital purchases and grants for Cairns for 22/23 (\$928M) is 3.5% lower than 21/22 (\$962M)

Total budgeted capital purchases and grants per capita for Cairns for 22/23 (\$3,616 per person) is 3.7% lower than 21/22 (\$3,756 per person)

Table 2 Comparative Queensland Government budgeted capital purchases & grants (expenditure) per capita 2012-13 to 2021-22

	2022-23 ⁴ \$/capita	2021-22 ⁴ \$/capita	2020-21 ⁴ \$/capita	2019-20 ⁴ \$/capita	2018-19 ⁴ \$/capita	2017-18 ⁴ \$/capita	2016-17 ⁴ \$/capita	2015-16 ⁴ \$/capita	2014-15 ⁴ \$/capita	2013-14 ⁴ \$/capita	10 Year Total \$/capita	Rank (10 Year) Highest (1) to Lowest (10) Per Capita Allocation
Greater Brisbane	2,525	2,560	2,774	2,383	1,991	1,708	1,552	1,402	1,627	1,999	20,521	9
Gold Coast	2,537	1,941	1,783	1,299	1,193	1,535	1,855	2,020	2,102	2,874	19,139	10
Sunshine Coast	2,046	1,857	2,178	2,326	2,265	1,753	3,452	3,044	2,998	2,483	24,402	8
Twba/Darling Downs	2,831	2,643	2,521	2,564	4,514	3,328	4,284	4,034	4,182	5,754	36,654	3
Wide Bay	4,036	2,926	3,166	1,977	2,053	2,254	2,215	1,984	3,643	3,611	27,866	7
Central Qld (Fitzroy)	4,330	4,262	4,850	4,970	4,726	3,567	3,679	3,991	3,684	4,525	42,583	2
Mackay	3,389	3,846	3,370	3,565	3,571	3,061	2,391	1,926	2,825	3,871	31,815	5
Townsville	4,152	3,822	3,117	3,938	3,672	3,009	2,476	2,291	3,242	3,922	33,641	4
Cairns	3,616	3,756	3,569	3,027	2,323	2,599	1,920	1,828	2,426	3,642	28,707	6
Outback Qld	11,208	11,758	10,783	7,788	8,908	7,818	8,951	9,418	7,234	10,659	94,525	1
Total Queensland	2,969	2,838	2,912	2,582	2,469	2,168	2,263	2,141	2,424	2,991	25,756	

4 - Source: Cummings Economics, Analysis of QLD Budgeted Capital Purchases Per Capita by Region (based on 2014 residential population and analysis of QLD Government Budget Papers for the period 13/14 to 16/17)

5 - Source: Cairns Regional Council, Analysis of QLD Budgeted Capital Purchases Per Capita by Region (based on QISO residential population and analysis of QLD Government Budget Papers for 17/18 to 22/23)

Budgeted capital purchases and grants per capita for the Cairns region over the ten years to 22/23 remains the lowest of any region outside SEQ and Wide Bay (ranked 6th overall)

ANALYSIS OF BUDGETED QUEENSLAND STATE GOVERNMENT CAPITAL PURCHASES AND GRANTS (EXPENDITURE) BY STATISTICAL AREA (SA4)

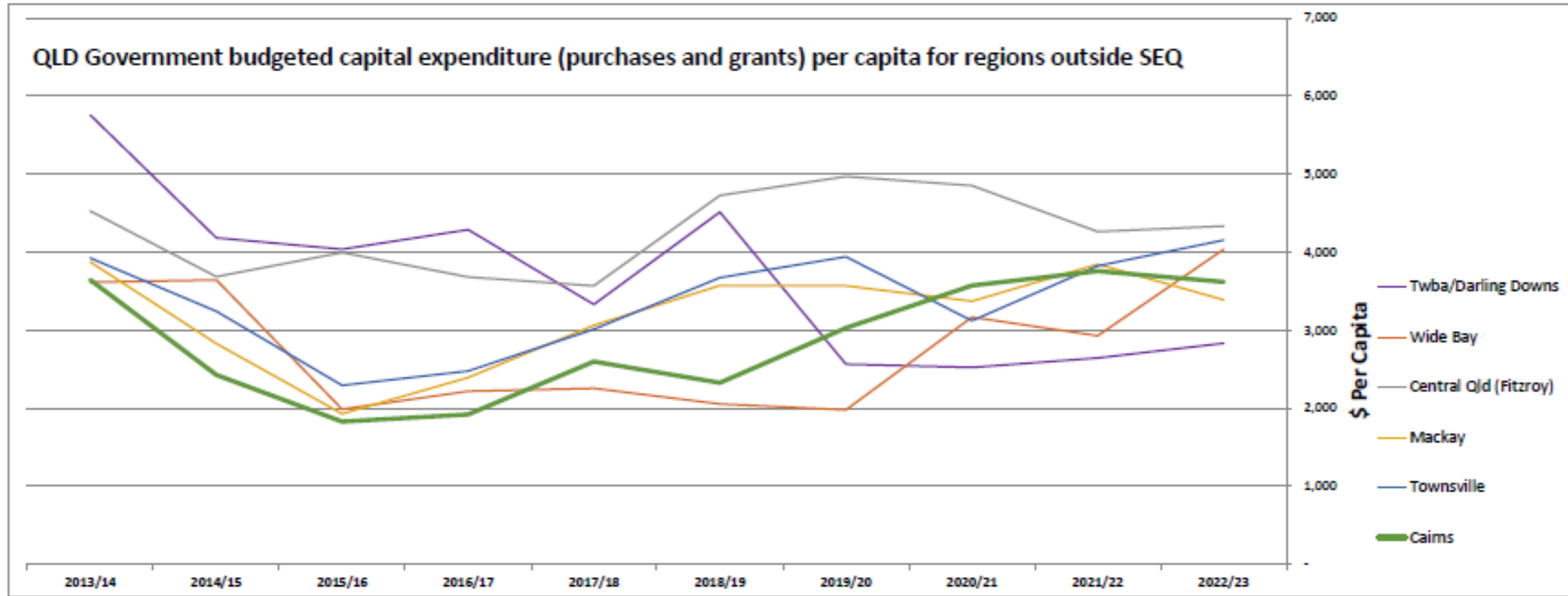


Table 3 Additional Queensland Government budgeted capital expenditure for Cairns over the 10 years to 22/23 had per capita spending been equivalent to:

	10 years to 22/23
	\$M
Twba/Darling Downs	2,040
Wide Bay	(216)
Central Qld (Fitzroy)	3,561
Mackay	798
Townsville	1,266