

ORDINARY MEETING	2
27 JUNE 2018	

ANALYSIS OF QUEENSLAND STATE GOVERNMENT BUDGETED CAPITAL EXPENDITURE BY REGION

Nick Masasso | 1/3/37 | #5781249

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 2018/19 was tabled in Queensland parliament on 12 June 2018. 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 annual budgets over the period 2012/13 to 2017/18.

The analysis indicates that the State Government budgeted capital expenditure per capita (head of population) for the Cairns region for 2018/19 is the lowest of any region outside South East Queensland (SEQ) with the exception of Wide Bay.

Whilst the budgeted capital expenditure for the whole State of Queensland increased by 14% for 2018/19 compared to the prior year, the Cairns region's budget allocation decreased by 11% over the same period.

The analysis of State Government budgeted capital expenditure per capita at a regional level over the seven years to 2018/19 indicates the above is not an isolated 'anomaly'. Over that seven year period to 2018/19, the State Government budgeted capital expenditure allocation per capita for Cairns was the lowest of any region outside of (SEQ).

It is also noted that the per capita analysis presented in this report has been based on the usual resident population of each region. The Cairns region also has a significant visitor population (including domestic and international tourists). 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, would have been even wider.

The analysis in this report supports the need for the development of a shared vision for Cairns underpinned by the key projects, policy and investment required to deliver that vision. One of the main uses of such a shared vision document is its use as a platform to advocate to both State and Federal Governments for the investment and policy change required to deliver the projects contained within it. The development of a shared vision is a key action within Council's Economic Development Strategy 2018-2022 and work has already commenced on its development.

BACKGROUND:

The Queensland State Government budget for 2018/19 was tabled in Queensland parliament on 12 June 2018. Consistent with previous years, the budget papers include analysis of the State Government's 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 elements of the adjoining LGAs of Douglas, Cassowary Coast, Mareeba, Tablelands and Yarrabah. At the time of the 2016 Census, the Cairns SA4 region had a usual resident population of 240,190. Council officers have undertaken analysis of the Queensland State Government budgeted capital expenditure per capita by region for 2018/19. This work builds on analysis of previous annual budgets undertaken over the period 2012/13 to 2017/18.

State Government budgeted capital expenditure has two components:

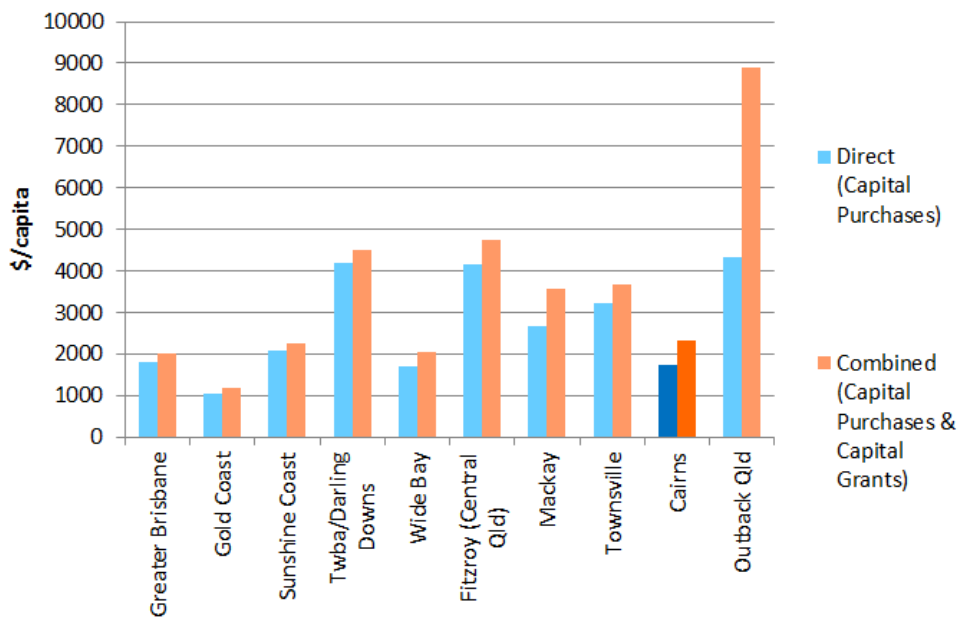
- Capital Purchases (direct) – capital expenditure budgeted to be incurred directly by the State Government
- Capital Grants (indirect) – capital grants budgeted to be provided by the State Government to local governments, non-government organisations and individuals

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

COMMENT:

Set out below are some highlights from the detailed analysis.

Figure 1: State Government budgeted 18/19 CAPEX per capita (population)



Source: Analysis of QLD Gov 18/19 budget papers and QGSO 2016 Census regional population data

Observations

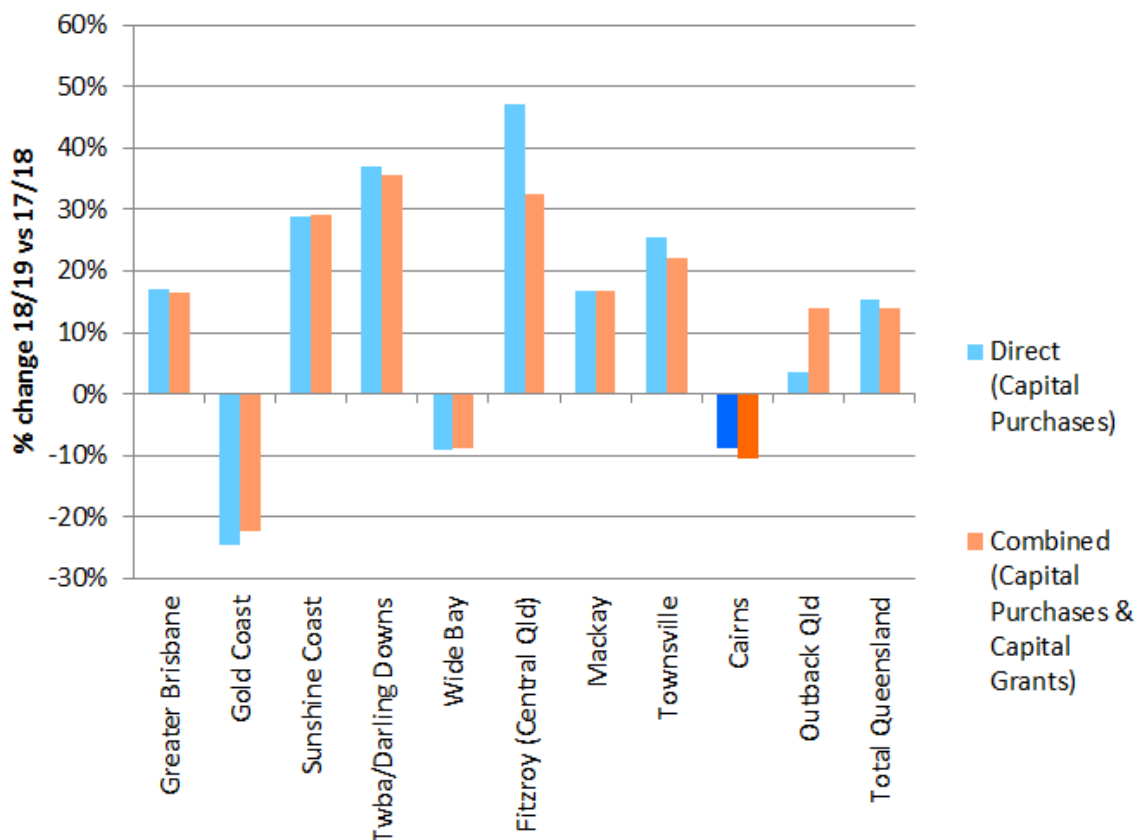
Direct budgeted capital expenditure per capita by the State Government in the Cairns Region for 18/19 is:

- the third lowest in the State ahead of only the Gold Coast and the Wide Bay regions; and
- significantly below the per capita budgeted spend for other regions: 59% less than Toowoomba/Darling Downs; 59% less than the Fitzroy region (Central Queensland); 36% less than the Mackay Region; and 47% less than the Townsville region.

Combined budgeted capital expenditure per capita by the State Government in the Cairns Region for 18/19 is:

- the fifth lowest in the State ahead of only the SEQ regions (Gold Coast, Greater Brisbane and the Sunshine Coast) and Wide Bay; and
- significantly below the per capita spend for other regions: 49% less than Toowoomba/Darling Downs; 51% less than the Fitzroy region (Central Queensland); 35% less than the Mackay Region; and 37% less than the Townsville region.

Figure 2: Change in budgeted State Government CAPEX by region 18/19 vs 17/18



Source: Analysis of QLD Gov 18/19 & 17/18 budget papers (note % change relates to total \$ allocation – not per capita)

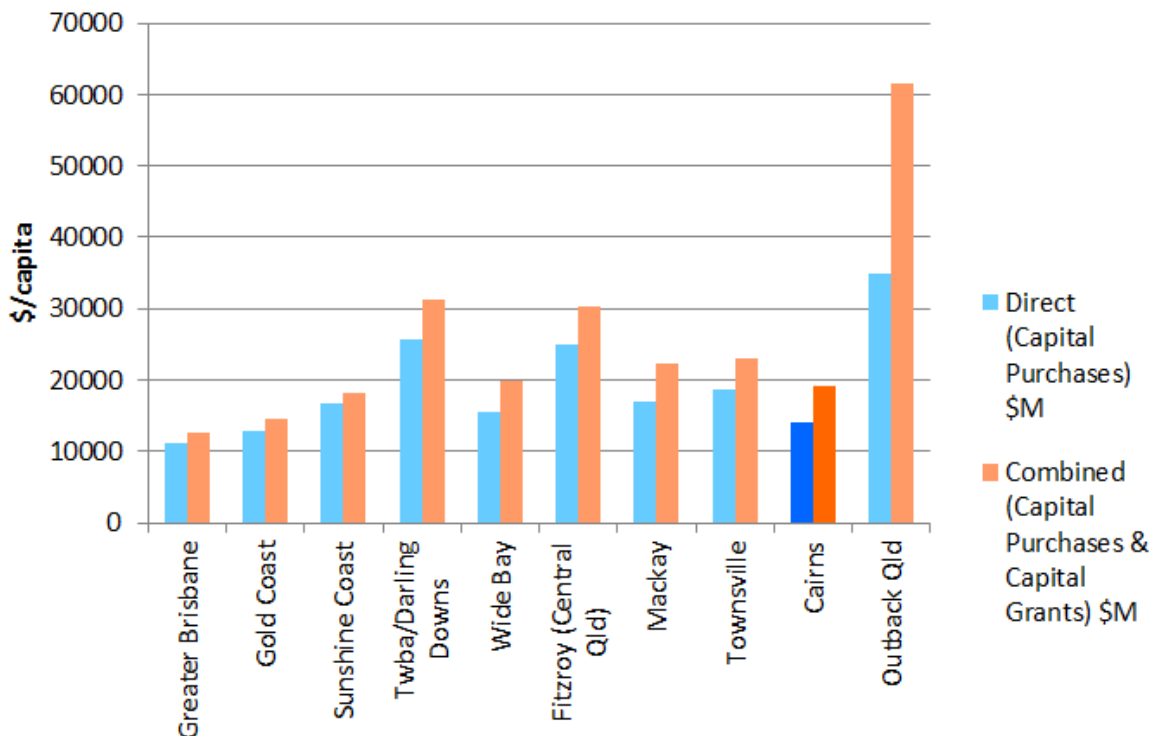
Observations

- Budgeted Direct and Combined capital expenditure for Cairns for 18/19 were 9% and 11% less than the prior year respectively. The only region with a bigger

reduction was the Gold Coast region. The reduction for the Gold Coast region is somewhat expected following the Commonwealth Games in 17/18.

- The reduction for the Cairns region contrasts with the overall state where budgeted Direct and Combined capital expenditure increased by 15% and 14% respectively. Other regional areas also received significantly higher budget allocations than the prior year in 18/19 including: Toowoomba/Darling Downs (increases of 37% for Direct and 36% for Combined); Sunshine Coast (increase of 29% for both Direct and Combined); Fitzroy region (increases of 47% for Direct and 32% for Combined); Mackay region (increase of 17% for both Direct and Combined); and the Townsville region (increases of 26% for Direct and 22% for Combined).

Figure 3: State Government budgeted CAPEX per capita over the 7 years 12/13 to 18/19



Source: Analysis of QLD Gov budget papers for the 12/13 through 18/19

Observations

Direct budgeted capital expenditure per capita by the State Government in the Cairns Region over the 7 years 12/13 to 18/19 is:

- the third lowest in the State ahead of only the Gold Coast and Greater Brisbane regions; and
- significantly below the per capita spend for other regions: 46% less than Toowoomba/Darling Downs; 44% less than the Fitzroy region (Central Queensland); 17% less than the Mackay Region; and 25% less than the Townsville region.

Combined budgeted capital expenditure per capita by the State Government in the Cairns Region for the 7 years 12/13 to 18/19 is:

- the fourth lowest in the State ahead of only the SEQ regions (Gold Coast, Greater Brisbane and the Sunshine Coast). It is noted that to some extent a lower per capita budget allocation for SEQ is expected and justifiable given the significantly higher population density in that region; and
- significantly below the per capita spend for other regions: 39% less than Toowoomba/Darling Downs; 37% less than the Fitzroy region (Central Queensland); 14% less than the Mackay Region; and 17% less than the Townsville region.

Had the Cairns region received the same Combined 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 seven years to 18/19. This is outlined in the table below.

Table 1: Additional Combined CAPEX allocation to Cairns over the seven years to 18/19

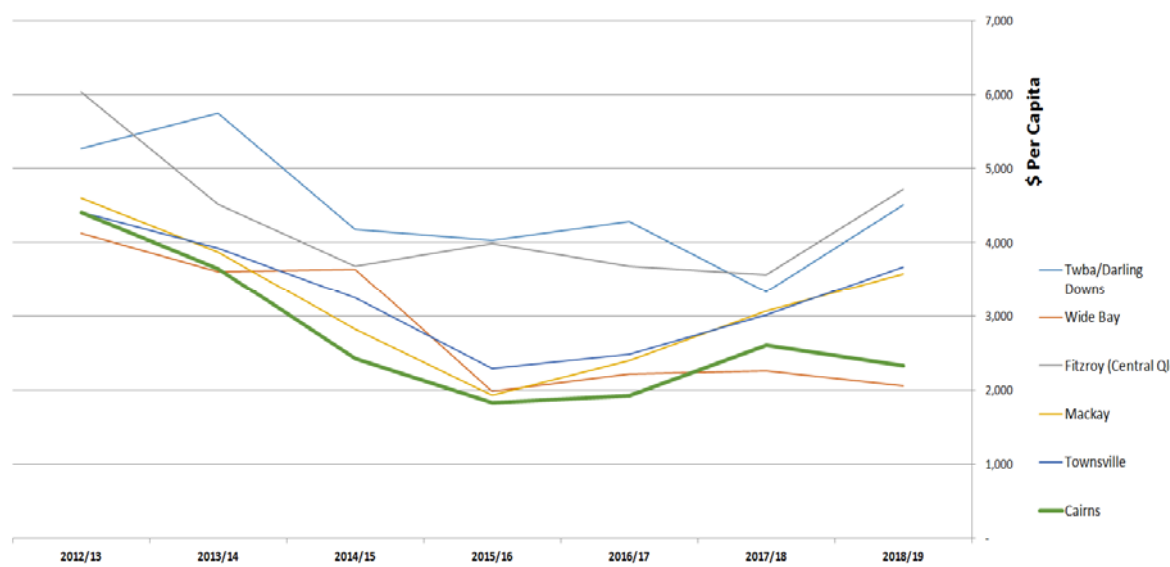
If Cairns received the same per capita Combined CAPEX allocation as:	Additional budget allocations to Cairns over the seven years to 18/19 <u>\$Million</u>
Toowoomba/Darling Downs	2,935
Fitzroy (Central Queensland)	2,657
Townsville	932

If for instance, the Cairns region had received the same per capita Combined CAPEX allocation as the Toowoomba/Darling Downs region over the seven years to 18/19, an additional **\$2.9 billion** in State Government capital expenditure would have been allocated to the Cairns region.

To put the above in context, this additional allocation would have been enough to:

- Complete the duplication ('4 laning') of the Bruce Highway between Edmonton and Gordonvale six times over;
- Build 44 Cairns Performing Arts Centres (CPACs);
- Pay for the proposed \$176 million Cairns Convention Centre expansion 16 times over; or
- Undertake the \$120 million Trinity Inlet dredging project 24 times.

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



Observations

The State Government budgeted CAPEX allocation to Cairns has been significantly below that of other regions outside SEQ and the general trend has been a downward one.

Visitor population

The 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. At the time of the 2016 Census domestic and international visitors in the region amounted to approximately 50,000 persons. This represents around 21% 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 taken into account in the above analysis, the per capita budget allocation to Cairns would be significantly lower, further widening the gap compared to other regions.

OPTIONS:

This report is for noting.

CONSIDERATIONS:

Council Finance and the Local Economy:

It is noted that had the Cairns region received comparable per capita CAPEX budget allocations as certain other regions, the potential impact on the Cairns region economy, through direct State Government investment in local infrastructure and capital projects and the flow on impact of such investment to the broader economy, would have been significant.

ATTACHMENTS:

Attachment 1: Analysis of State Government budgeted capital expenditure



Nick Masasso
Executive Project Officer

CAIRNS REGIONAL COUNCIL

DM#5778260

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

Table 1 Comparative Queensland Government budgeted capital purchases by statistical area for 2018-19

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	4,110	2,270,809	1,810	7	4,803	(693)
Gold Coast	583	569,997	1,023	10	1,206	(623)
Sunshine Coast	723	346,522	2,086	6	733	(10)
Twba/Darling Downs	1,154	275,801	4,184	2	583	571
Wide Bay	488	287,883	1,695	9	609	(121)
Fitzroy (Central Qld)	918	220,912	4,156	3	467	451
Mackay	453	169,688	2,670	5	359	94
Townsville	736	229,031	3,214	4	484	252
Cairns	412	240,190	1,715	8	508	(96)
Outback Qld	344	79,700	4,316	1	169	175
Total Queensland	9,921	4,690,533	2,115		9,921	

1 - Source: Queensland Budget 2018-19 Capital Statement Budget Paper No.3

2 - Source: Queensland Government Statistician's Office (Queensland Regions Compared, Census 2016, sourced using ABS data)

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

Budgeted capital purchases per capita for 18/19 for Cairns is below the state average and third lowest overall

Table 2 Comparative Queensland Government budgeted capital purchases per capita 2012-13 to 2018-19

	2018-19 \$/capita	2017-18 ^s \$/capita	2016-17 ^a \$/capita	2015-16 ^a \$/capita	2014-15 ^a \$/capita	2013-14 ^a \$/capita	2012-13 ^a \$/capita	7 Year Total \$/capita	Rank (7 Year) Highest (1) to Lowest (10) Per Capita Capital Purchases
Greater Brisbane	1,810	1,547	1,403	1,205	1,408	1,737	2,043	11,153	10
Gold Coast	1,023	1,356	1,596	1,606	1,736	2,654	2,845	12,816	9
Sunshine Coast	2,086	1,620	3,323	2,882	2,849	2,304	1,738	16,802	6
Twba/Darling Downs	4,184	3,052	4,057	3,660	3,169	4,111	3,465	25,698	2
Wide Bay	1,695	1,865	1,891	1,659	2,488	2,550	3,299	15,447	7
Fitzroy (Central Qld)	4,156	2,824	3,083	3,517	2,963	3,579	4,884	25,006	3
Mackay	2,670	2,284	2,120	1,703	2,499	2,367	3,218	16,861	5
Townsville	3,214	2,560	2,143	1,870	2,857	2,742	3,385	18,770	4
Cairns	1,715	1,879	1,451	1,360	1,978	2,650	2,968	14,002	8
Outback Qld	4,316	4,170	5,446	6,728	4,252	4,444	5,541	34,897	1
Total Queensland	2,115	1,835	1,972	1,816	1,988	2,333	2,613	14,672	

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 12/13 to 16/17)

5 - Source: Cairns Regional Council, Analysis of QLD Budgeted Capital Purchases Per Capita by Region (based on 2016 residential population per ABS and analysis of QLD Government Budget Papers for 17/18)

Over the seven year period to 18/19, budgeted State Government capital purchases per capita for Cairns is the lowest of any region outside the Gold Coast and Greater Brisbane

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

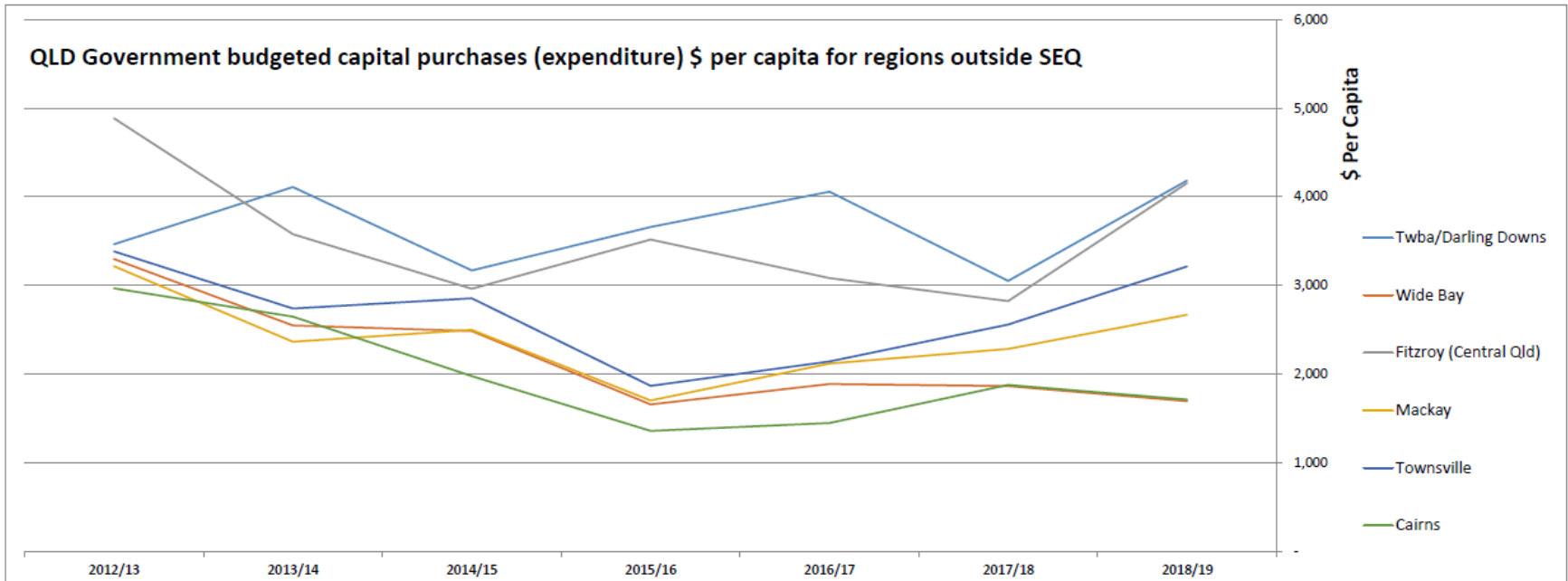


Table 3 Additional Queensland Government budgeted capital purchases for Cairns over the 7 years to 18/19 had per capita spending been equivalent to:

	7 years to 18/19 \$M
Twba/Darling Downs	2,809
Wide Bay	347
Fitzroy (Central Qld)	2,643
Mackay	687
Townsville	1,145

Had budgeted capital purchases per capita in Cairns been equivalent to other regional areas (outside SEQ), an additional allocation of between \$347M (based on Wide Bay) and \$2.8B (based on Toowoomba and the Darling Downs) would have been made to Cairns over the seven year period to 18/19

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

DM#5778260

Table 1 Comparative Queensland Government budgeted capital purchases & grants (expenditure) by statistical area for 2018-19

Region	A Budget expenditure \$M ¹	Populatio 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	4,522	2,270,809	1,991	9	5,607	(1,085)
Gold Coast	680	569,997	1,193	10	1,407	(727)
Sunshine Coast	785	346,522	2,265	7	856	(71)
Twba/Darling Downs	1,245	275,801	4,514	3	681	564
Wide Bay	591	287,883	2,053	8	711	(120)
Fitzroy (Central Qld)	1,044	220,912	4,726	2	545	499
Mackay	606	169,688	3,571	5	419	187
Townsville	841	229,031	3,672	4	566	275
Cairns	558	240,190	2,323	6	593	(35)
Outback Qld	710	79,700	8,908	1	197	513
Total Queensland	11,582	4,690,533	2,469		11,582	

¹ - Source: Queensland Budget 2018-19 Capital Statement Budget Paper No.3

² - Source: Queensland Government Statistician's Office (Queensland Regions Compared, Census 2016, sourced using ABS data)

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

Budgeted capital expenditure per capita for 18/19 for Cairns is below the state average and also below all other regions outside SEQ with the exception of Wide Bay

Table 2 Comparative Queensland Government budgeted capital purchases & grants (expenditure) per capita 2012-13 to 2018-19

	2017-18 \$/capita	2017-18 ⁴ \$/capita	2016-17 ⁴ \$/capita	2015-16 ⁴ \$/capita	2014-15 ⁴ \$/capita	2013-14 ⁴ \$/capita	2012-13 ⁴ \$/capita	7 Year Total \$/capita	Rank (7 Year) Highest (1) to Lowest (10) Per Capita Capital Purchases
Greater Brisbane	1,991	1,708	1,552	1,402	1,627	1,999	2,398	12,678	10
Gold Coast	1,193	1,535	1,855	2,020	2,102	2,874	3,052	14,632	9
Sunshine Coast	2,265	1,753	3,452	3,044	2,998	2,483	2,064	18,060	8
Twba/Darling Downs	4,514	3,328	4,284	4,034	4,182	5,754	5,269	31,365	2
Wide Bay	2,053	2,254	2,215	1,984	3,643	3,611	4,124	19,884	6
Fitzroy (Central Qld)	4,726	3,567	3,679	3,991	3,684	4,525	6,036	30,207	3
Mackay	3,571	3,061	2,391	1,926	2,825	3,871	4,607	22,253	5
Townsville	3,672	3,009	2,476	2,291	3,242	3,922	4,413	23,025	4
Cairns	2,323	2,599	1,920	1,828	2,426	3,642	4,407	19,146	7
Outback Qld	8,908	7,818	8,951	9,418	7,234	10,659	8,566	61,555	1
Total Queensland	2,469	2,168	2,263	2,141	2,424	2,991	3,281	17,736	

⁴ - Source: Cummings Economics, Analysis of QLD Budgeted Capital Purchases Per Capita by Region and separate analysis of Capital Grants Per Capita by Region (based on 2014 residential population and analysis of QLD Government Budget Papers for the period 12/13 to 16/17)

⁵ - Source: Cairns Regional Council, Analysis of QLD Budgeted Capital Purchases Per Capita by Region and separate analysis of Capital Grants Per Capita by Region (based on 2016 residential population and analysis of QLD Government Budget Papers for 17/18)

Over the seven year period to 18/19, budgeted State Government capital expenditure per capita for Cairns is the lowest of any region outside SEQ

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

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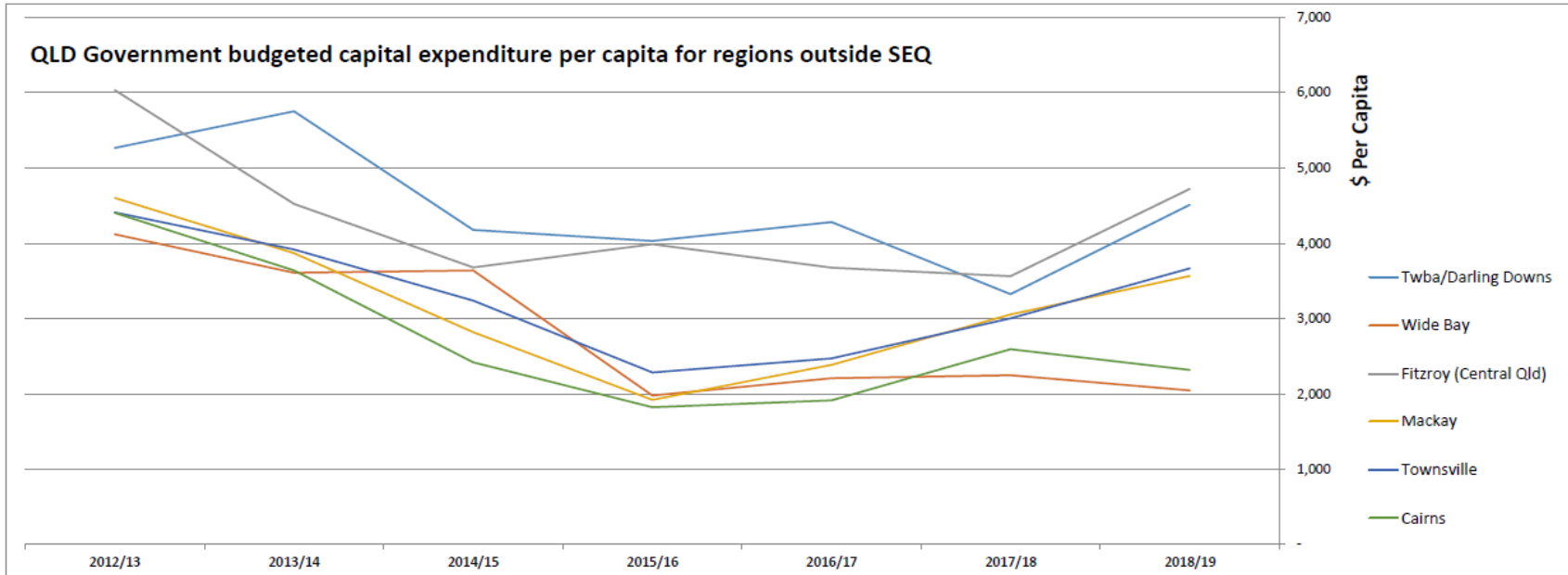


Table 3 Additional Queensland Government budgeted capital expenditure for Cairns over the 7 years to 18/19 had per capita spending been equivalent to:

	7 years to 18/19 \$M
Twba/Darling Downs	2,935
Wide Bay	177
Fitzroy (Central Qld)	2,657
Mackay	746
Townsville	932

Had budgeted capital expenditure per capita in Cairns been equivalent to other regional areas (outside SEQ), an additional allocation of between \$177M (based on Wide Bay) and \$2.9B (based on Toowoomba and the Darling Downs) would have been made to Cairns over the seven year period to 18/19