

# CUMMINGS ECONOMICS

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27<sup>th</sup> June 2016

Ref: J2909

## Statistical Note –

### Queensland State Budget 2016-17 Capital Expenditure by Region

(Note: This paper is an update for the 2016-17 budget of an earlier statistical note on the 2015-16 budget.)

#### Budget 2016-17

The following table gives an analysis of the 2016-17 State budget capital expenditure (purchases) by region compared with population.

The table gives expenditure per capita, the expenditure that would occur if the capital expenditure was on the same per capita basis across the State and the comparative deficit/surplus for that region.

**Table #1: Comparative Capital Expenditure by Region – Queensland Budget 2016-17**

<u>Region</u>	<u>Budget expenditure</u> <u>\$m</u>	<u>Population</u> <u>2014</u> <u>No.</u>	<u>Expenditure</u> <u>per capita</u> <u>\$</u>	<u>Expenditure on</u> <u>State average</u> <u>\$m</u>	<u>Deficit/</u> <u>Surplus</u> <u>\$m</u>
Greater Brisbane	\$3,192 m	2,274,500	\$1,403	\$4,485 m	(-\$1,293 m)
Gold Coast	\$894 m	560,268	\$1,596	\$1,105 m	(-\$211 m)
Sunshine Coast	\$1,116 m	335,874	\$3,323	\$708 m	+\$408 m
Twba/Darling Downs	\$1,132 m	279,200	\$4,057	\$551 m	+\$581 m
Wide Bay	\$546 m	288,597	\$1,891	\$569 m	(-\$23 m)
Fitzroy	\$690 m	223,749	\$3,083	\$441 m	+\$249 m
Mackay	\$386 m	182,049	\$2,120	\$359 m	+\$29 m
Townsville	\$507 m	236,629	\$2,143	\$467 m	+\$40 m
<b>Cairns</b>	<b>\$352 m</b>	<b>242,598</b>	<b>\$1,451</b>	<b>\$478 m</b>	<b>(-\$126 m)</b>
Outback Qld	\$481 m	88,424	\$5,440	\$174 m	+\$307 m
<b>Total</b>	<b>\$9,296 m</b>	<b>4,711,888</b>	<b>\$1,972</b>	<b>\$9,296 m</b>	<b>Nil</b>

Source : Cummings Economics from, Q'ld Budget Papers Appendix C Table C1 and Australian Bureau of Statistics (ABS) data.

What is clear is that among the regional areas, the Cairns region (Cairns, Tablelands, Cassowary Coast, Douglas) is the big loser.

It has the lowest per capita expenditure outside of Greater Brisbane area. On State per capita averages, it is short changed by over \$120m.

While Greater Brisbane has the lowest per capita expenditure (\$1,403 cf Cairns \$1,451), some of the surrounding regions in the south-east have very high per capita expenditure. If you take SE Queensland as a whole (Greater Brisbane, Gold Coast, Sunshine Coast, Toowoomba/Darling Downs), per capita expenditure was \$1,836m, ie. higher than Cairns region at per capita \$1,451. If the Cairns region was on a par per capita with the Sunshine Coast, it would have an extra \$454 million and on a par with Toowoomba Darling Downs, an extra \$632 million.

An extra \$396 million would be needed to bring it up to par with the Fitzroy region on a per capita basis.

On a per capita basis, the smaller population Townsville region was allocated \$168 million more.

## Movements Over Past Five Years

The following analyses movements over the past five years.

**Table #2: Comparative Queensland Budget Capital Expenditure by Region – 2012-13, 2013-14, 2014-15, 2015-16, 2016-17**

<b>Region</b>	<b>2016-17 \$m</b>	<b>2015-16 \$m</b>	<b>2014-15 \$m</b>	<b>2013-14 \$m</b>	<b>2012-13 \$m</b>	<b>Total \$m</b>
Greater Brisbane	3,192	2,740	3,203	3,950	4,646	17,731
Gold Coast	894	900	973	1,487	1,594	5,848
Sunshine Coast	1,116	968	957	774	584	4,399
Twba/Darling Downs	1,132	1,022	885	1,148	872	5,059
Wide Bay	546	479	718	736	952	3,431
Fitzroy	690	787	663	801	1,093	4,034
Mackay	386	310	455	431	586	2,168
Townsville	507	443	676	649	801	3,076
<b>Cairns</b>	<b>352</b>	<b>330</b>	<b>480</b>	<b>643</b>	<b>720</b>	<b>2,525</b>
Outback Qld	481	595	376	393	490	2,335
<b>Total Qld</b>	<b>9,296</b>	<b>8,574</b>	<b>9,386</b>	<b>11,017</b>	<b>12,340</b>	<b>50,606</b>

Source : Cummings Economics from, Q'ld Budget Papers Appendix C Table C1 and Australian Bureau of Statistics (ABS) data.

**Table #3: Comparative Queensland Budget Capital Expenditure by Region Per Capita – (2014 Residential Population), 2012-13, 2013-14, 2014-15, 2015-16, 2016-17**

<b>Region</b>	<b>2016-17 \$</b>	<b>2015-16 \$</b>	<b>2014-15 \$</b>	<b>2013-14 \$</b>	<b>2012-13 \$</b>	<b>Total \$</b>
Greater Brisbane	1,403	1,205	1,408	1,737	2,043	7,796
Gold Coast	1,596	1,606	1,736	2,654	2,845	10,438
Sunshine Coast	3,323	2,882	2,849	2,304	1,738	12,696
Twba/Darling Downs	4,057	3,660	3,169	4,111	3,465	18,122
Wide Bay	1,891	1,659	2,488	2,550	3,299	11,887
Fitzroy	3,083	3,517	2,963	3,579	4,884	18,028
Mackay	2,120	1,703	2,499	2,367	3,218	11,909
Townsville	2,143	1,870	2,857	2,742	3,385	13,000
<b>Cairns</b>	<b>1,451</b>	<b>1,360</b>	<b>1,978</b>	<b>2,650</b>	<b>2,968</b>	<b>10,408</b>
Outback Qld	5,446	6,728	4,252	4,444	5,541	26,407
<b>Average Qld</b>	<b>1,972</b>	<b>1,816</b>	<b>1,988</b>	<b>2,333</b>	<b>2,613</b>	<b>10,721</b>

Source : Cummings Economics from, Q'ld Budget Papers Appendix C Table C1 and Australian Bureau of Statistics (ABS) data.

The Tables indicate that over the five years, the Cairns region has consistently been among the lowest per capita in the State outside of Greater Brisbane. In total, over the four years, the Cairns region has recorded the lowest per capita State Budget capital spending outside Greater Brisbane.

A notable feature of the five years has been a decline in Queensland's total budget capital expenditure from \$12.3bn to \$9.3bn, ie. by 24%.

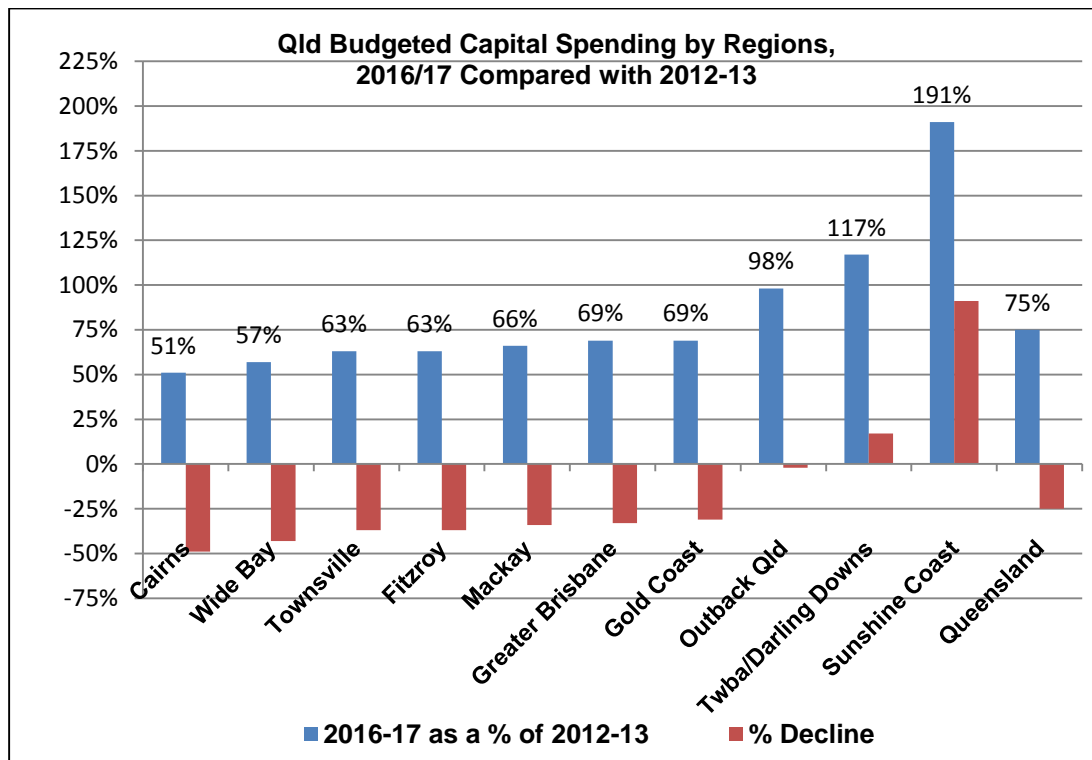
At the beginning of the period recorded in 2012-13, the Cairns region recorded the lowest per capita capital budget outside of Brisbane and the Gold Coast.

The following illustrates that over the five years since then, the Cairns region also recorded the biggest decline with 2016-17 49% less than 2012-13 compared with a State average decline of 25%.

**Table #4: Queensland Budgeted Capital Spending 2015-16 as a percentage of 2012-13**

<b>Region</b>	<b>2016-17 as a % of 2012-13</b>	<b>Decline</b>
<b>Cairns</b>	<b>51%</b>	<b>(-49%)</b>
Wide Bay	57%	(-43%)
Townsville	63%	(-37%)
Fitzroy	63%	(-37%)
Mackay	66%	(-34%)
Greater Brisbane	69%	(-33%)
Gold Coast	69%	(-31%)
Outback Queensland	98%	(-2%)
Toowoomba/Darling Downs	117%	+17%
Sunshine Coast	191%	+91%
<b>Queensland</b>	<b>75%</b>	<b>(-25%)</b>

Source: Cummings Economics derived from Table #2 above.



Source: Cummings Economics from Table #4 above.

Over the budgets 2012-13 to 2016-17, the Cairns region has experienced a major decline in absolute terms of \$368 million. This \$368 million hole in the economy is currently a major factor holding back the region’s economic recovery, offsetting gains in other directions.

To add salt to the wound, a large part of the State Government spending in the region over this period was on the Cairns Hospital with the money coming from the \$400m sale of Cairns Airport.

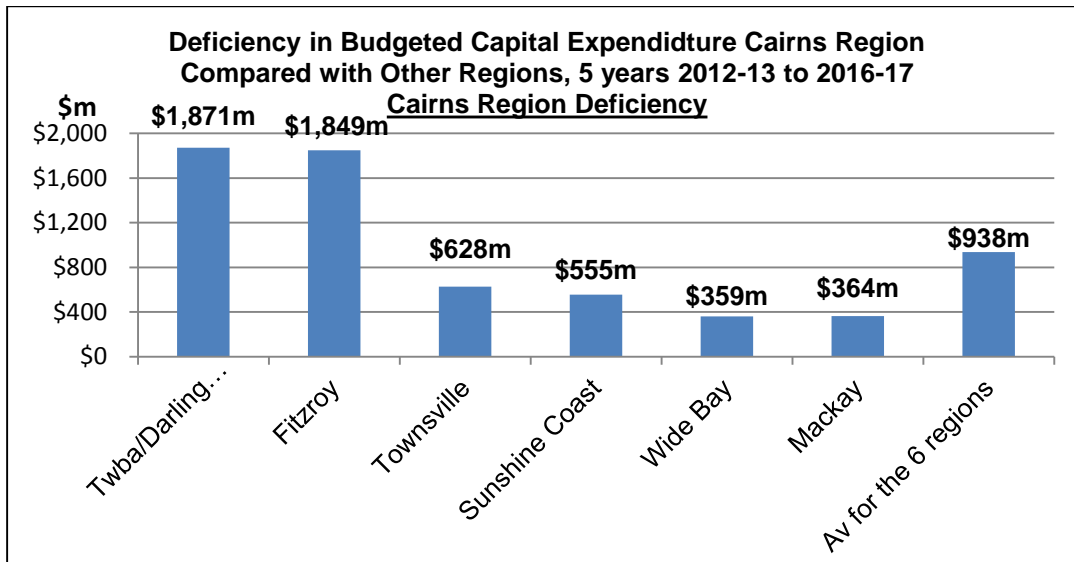
**Deficiencies Over Past 5 Years**

To be equitable on a per capita basis with other similar regions, the State Government owes the Cairns region, in total over the five years, as follows.

**Table #5: Deficiency in Budgeted Capital Expenditure, Cairns Compared with Other Regions, 5 years 2012-13 to 2016-17**

<u>Region compared with</u>	<u>Cairns Region Deficiency</u>
Toowoomba/Darling Downs	\$1,871 m
Fitzroy	\$1,849 m
Townsville	\$628 m
Sunshine Coast	\$555 m
Wide Bay	\$359 m
Mackay	\$364 m
<b>Average for the six regions</b>	<b>\$938 m</b>

Source : Cummings Economics derived from Table #3 above.



Source : Cummings Economics from Table #5 above.

**Changes 2016-17 on 2015-16**

Analysis of movements between the 2015-16 budget and the 2016-17 budget indicates that far from being a budget for regional Queensland in terms of budget capital expenditure, the following occurred:

- State Average Increase ..... +8.4%
- Greater Brisbane/Gold Coast/Sunshine Coast ..... +12.9%
- Regional Queensland ..... +4.5%
- Within Regional Queensland Toowoomba/Darling Downs/Wide Bay ..... +11.8%
- Remainder Regional Queensland ..... (-2.0%)

Thus, Greater Brisbane/Gold Coast/Sunshine Coast will see an increase in capital spending by +12.9% and regional Queensland +4.5%.

Within regional Queensland, the increase in the south, in Toowoomba/Darling Downs/Wide Bay region +11.8% and on balance a decline in the rest of regional Queensland by (-2%). Within this, only the Townsville and Mackay regions received strong increases.

