

2017-18 Queensland State Budget Economic and Fiscal Outlook

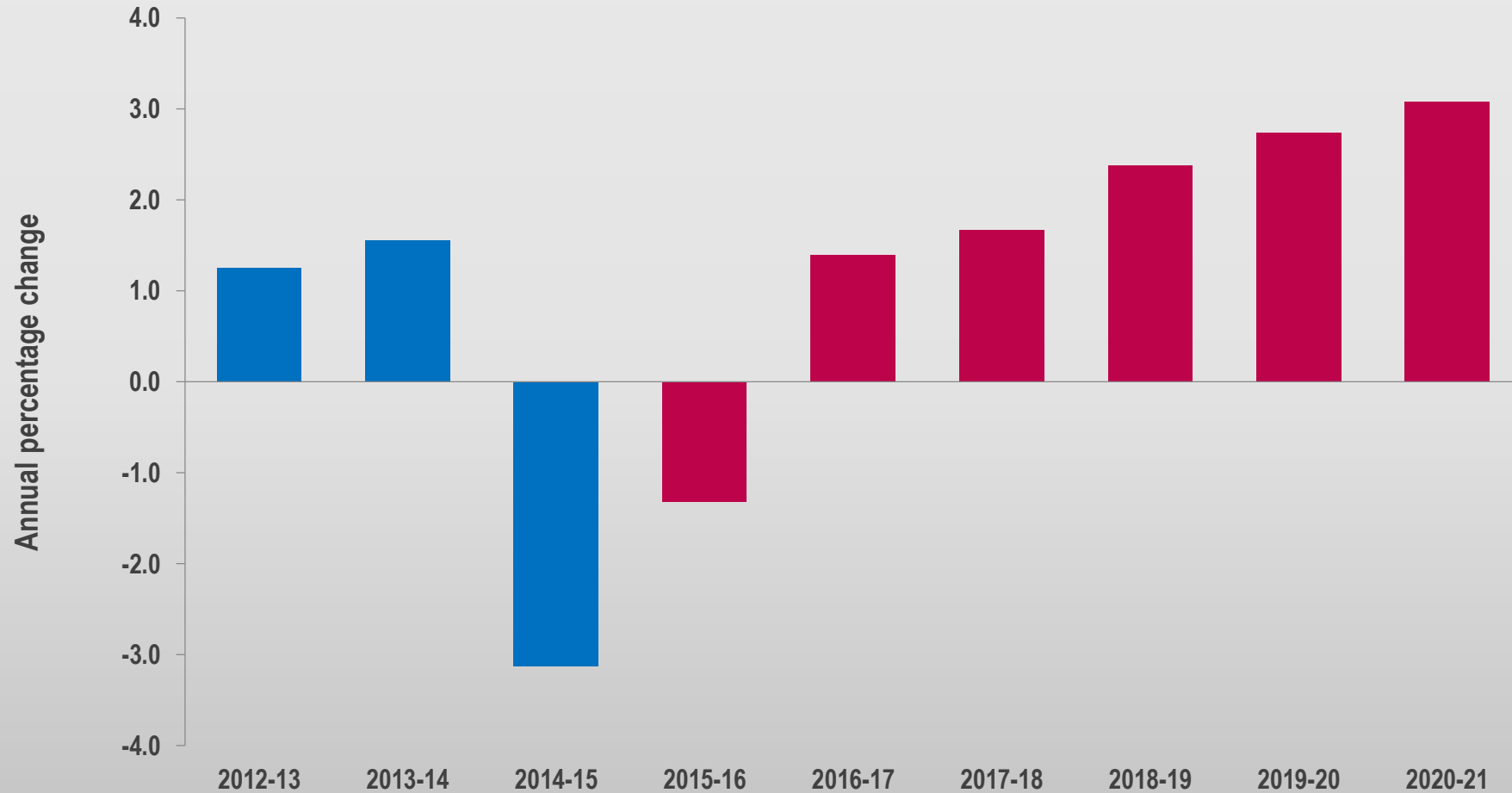


Economic and fiscal context

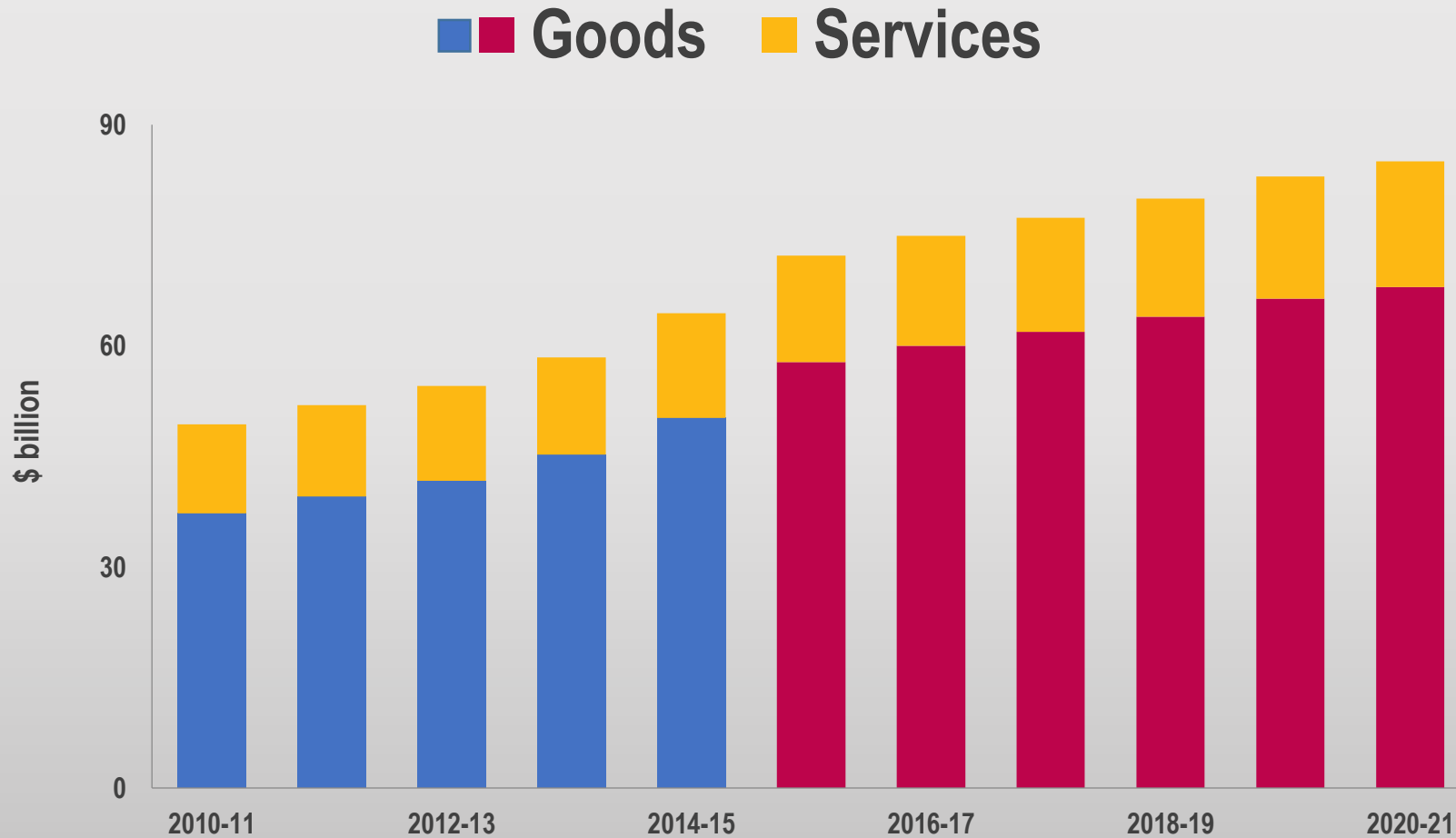
- Queensland economy continuing to strengthen as state final demand picks up
- Strong fiscal performance in 2016-17 including the largest operating surplus since 2005-06 and first fiscal surplus since 2004-05
 - general government debt in 2016-17 \$3.8B lower than 2016-17 Budget estimates
 - improvement driven by short term factors
 - providing scope for productivity enhancing capital expenditure
- Challenging revenue outlook over medium term - key tax revenues presenting near term softness, coal prices returning to a lower medium term outlook
- Government commitment to fiscal principles



Queensland's domestic economy

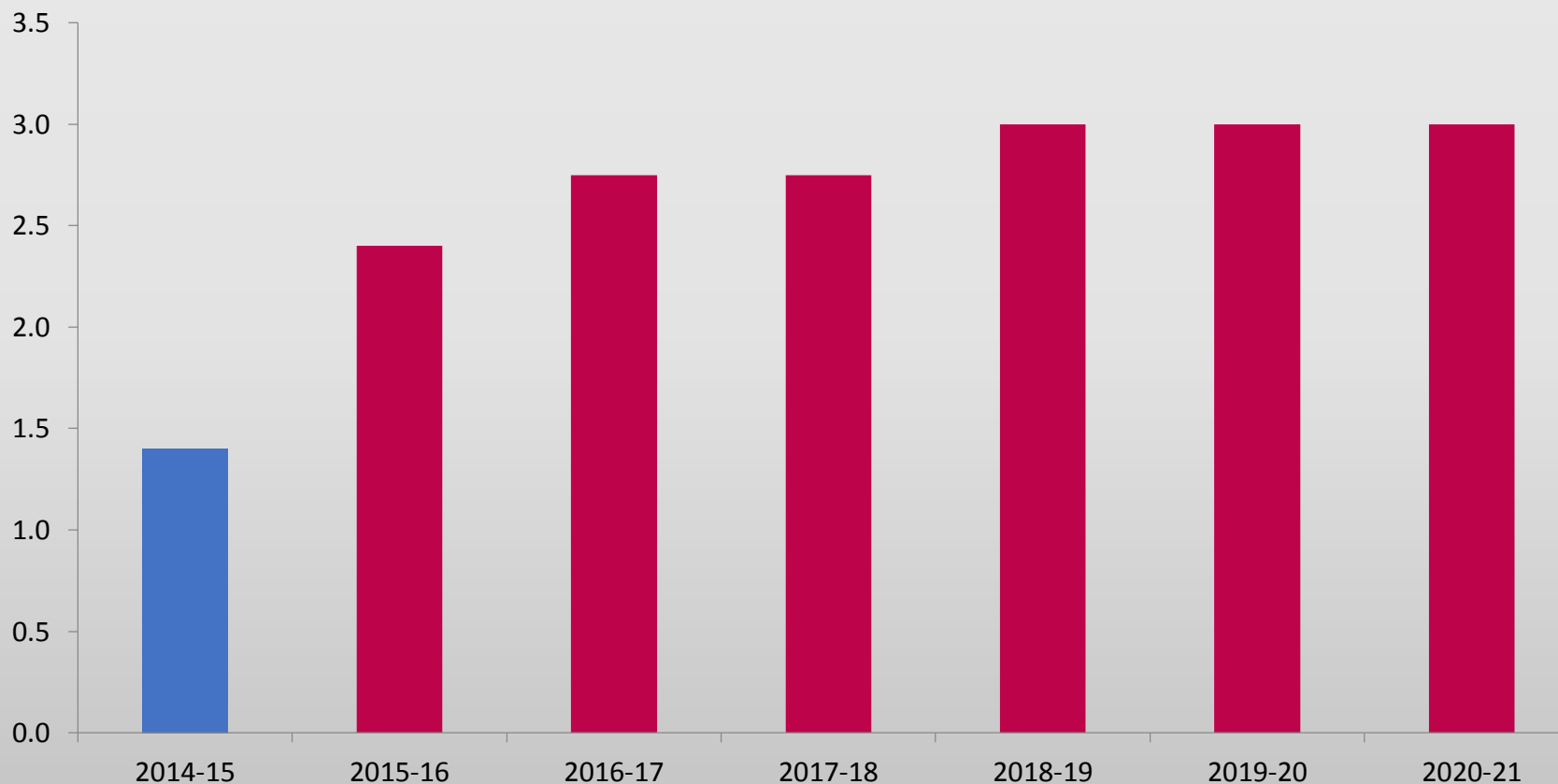


Exports



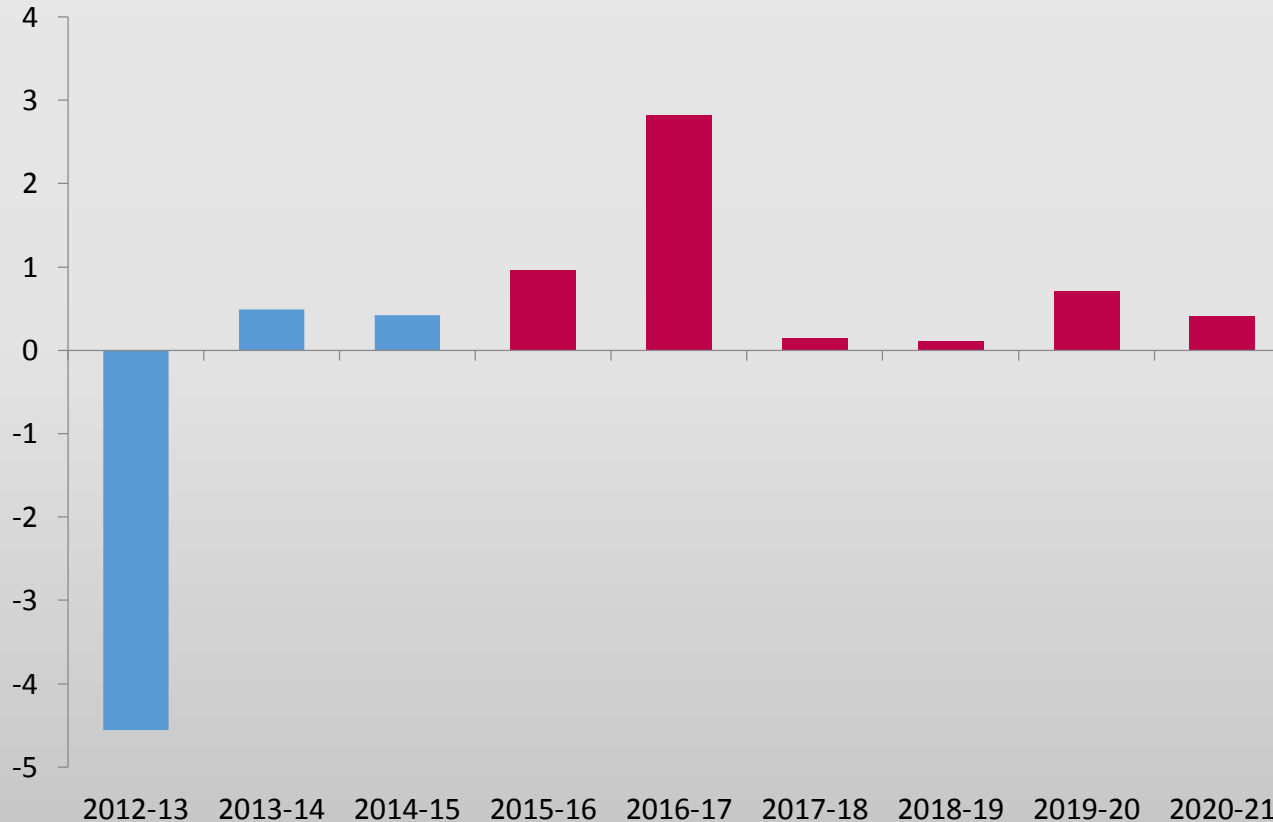
Economic growth

Queensland



Fiscal outlook: operating surpluses

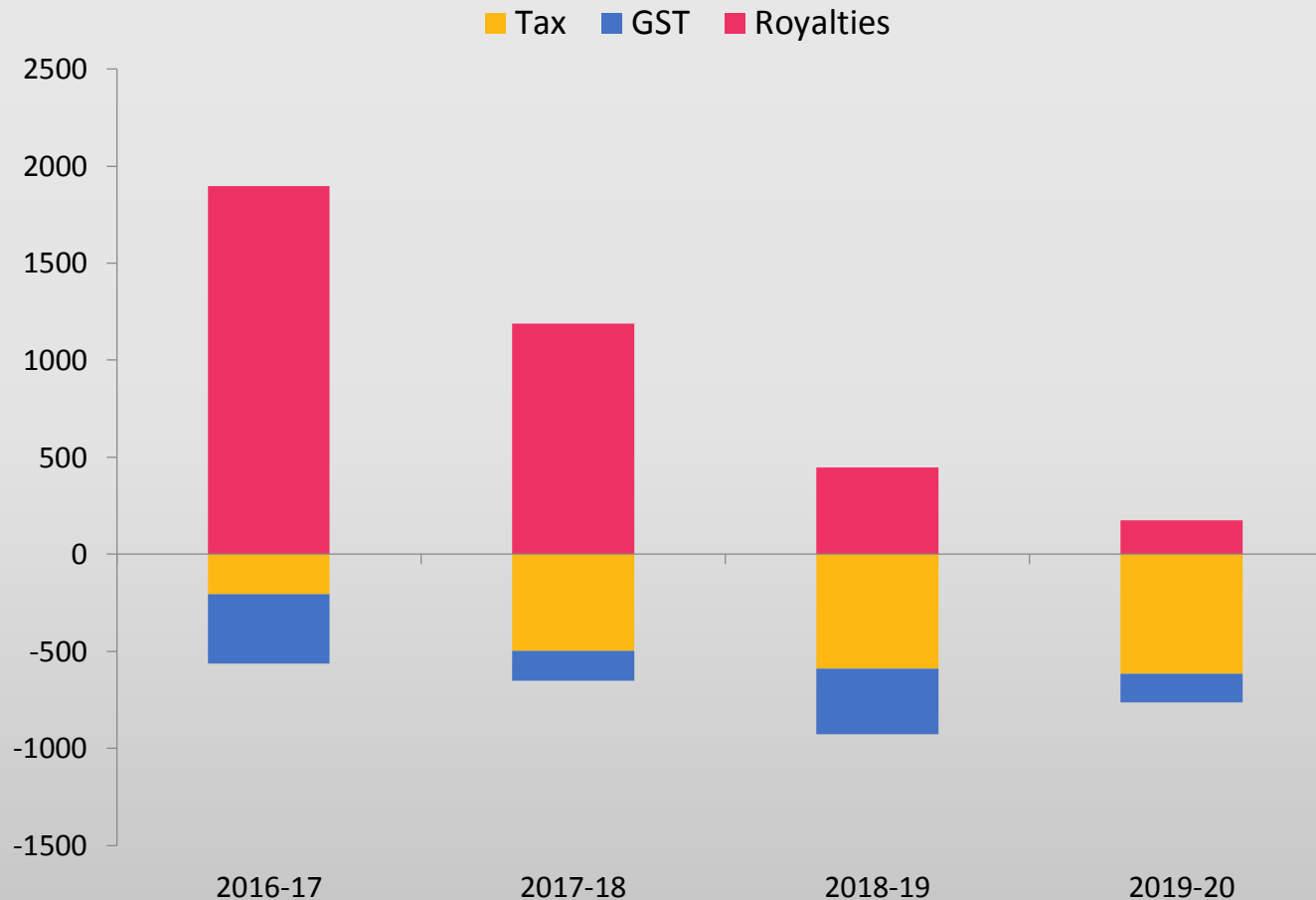
Net operating balance (\$billion)



- Anticipating 2016-17 operating surplus of \$2.8 billion
- Operating surpluses forecast across the forward estimates



Fiscal outlook: key revenue changes since last Budget

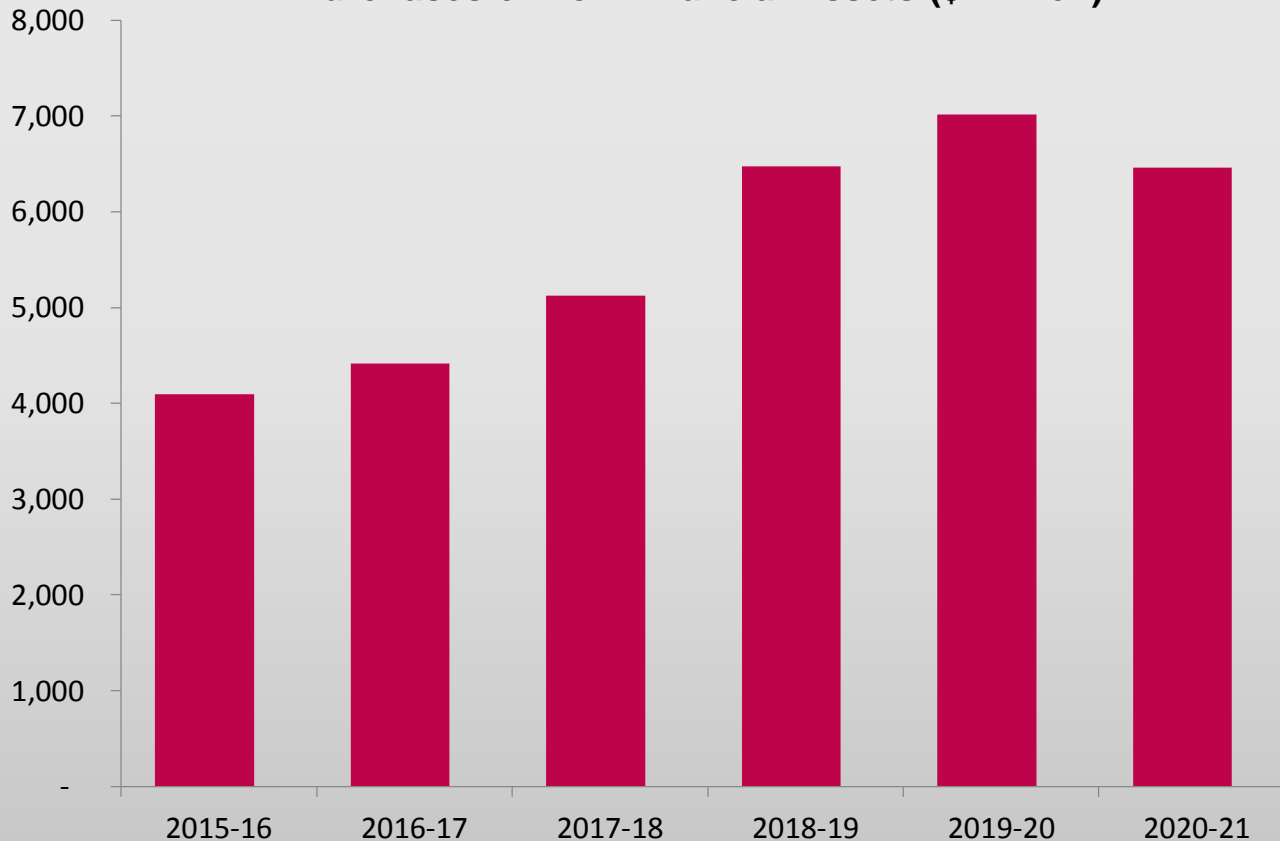


- Since the 2016-17 Budget, significant uplift in royalties
- Partially offset by write down in taxes and GST
- Fiscal discipline takes account of short term nature of royalties uplift



Fiscal outlook: General Government capital expenditure

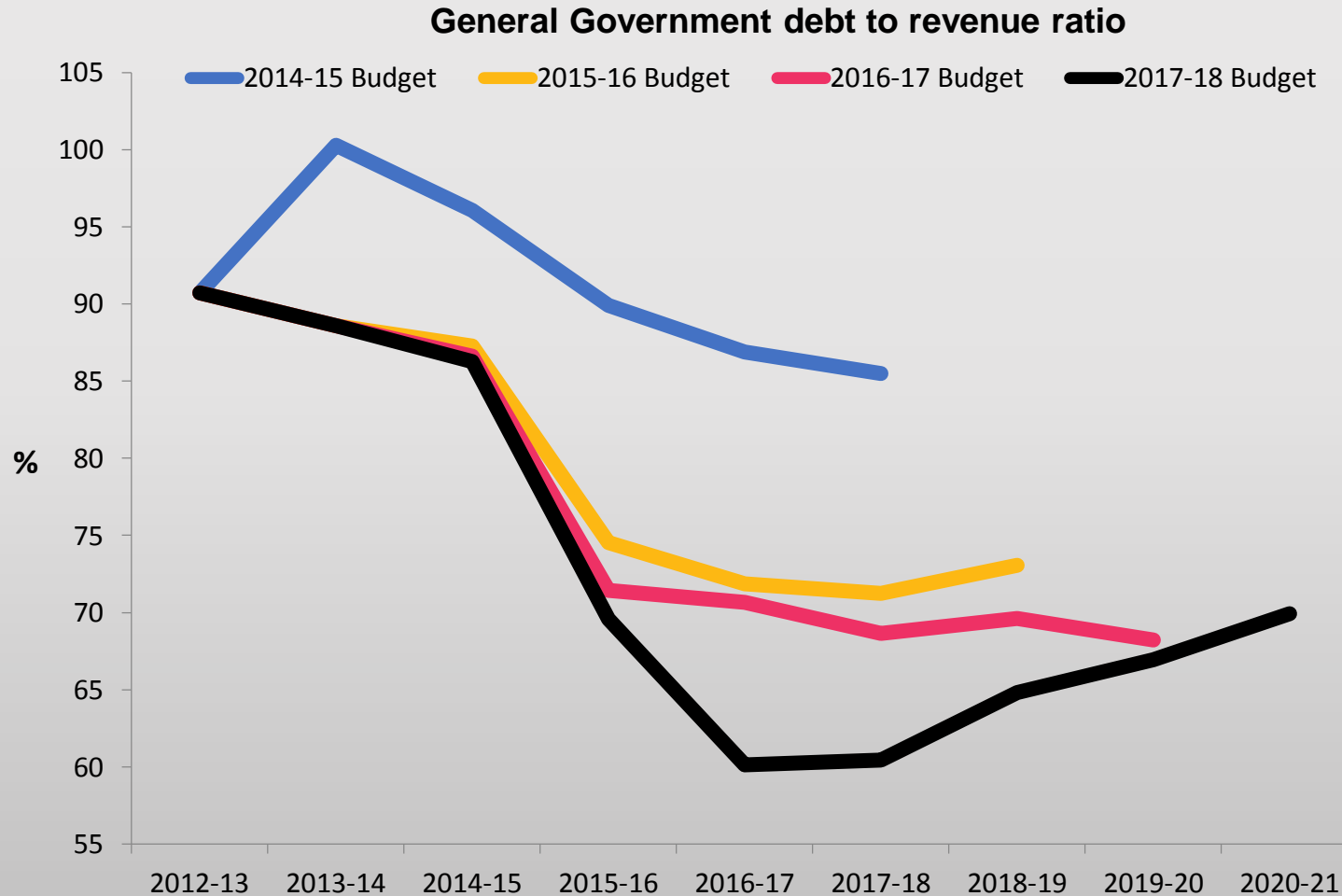
Purchases of Non-Financial Assets (\$ million)



- Delivering productivity enhancing infrastructure, e.g. Cross River Rail
- Regional economic infrastructure
- General Government sector PNFA totals \$25 billion over period 2017-18 to 2020-21



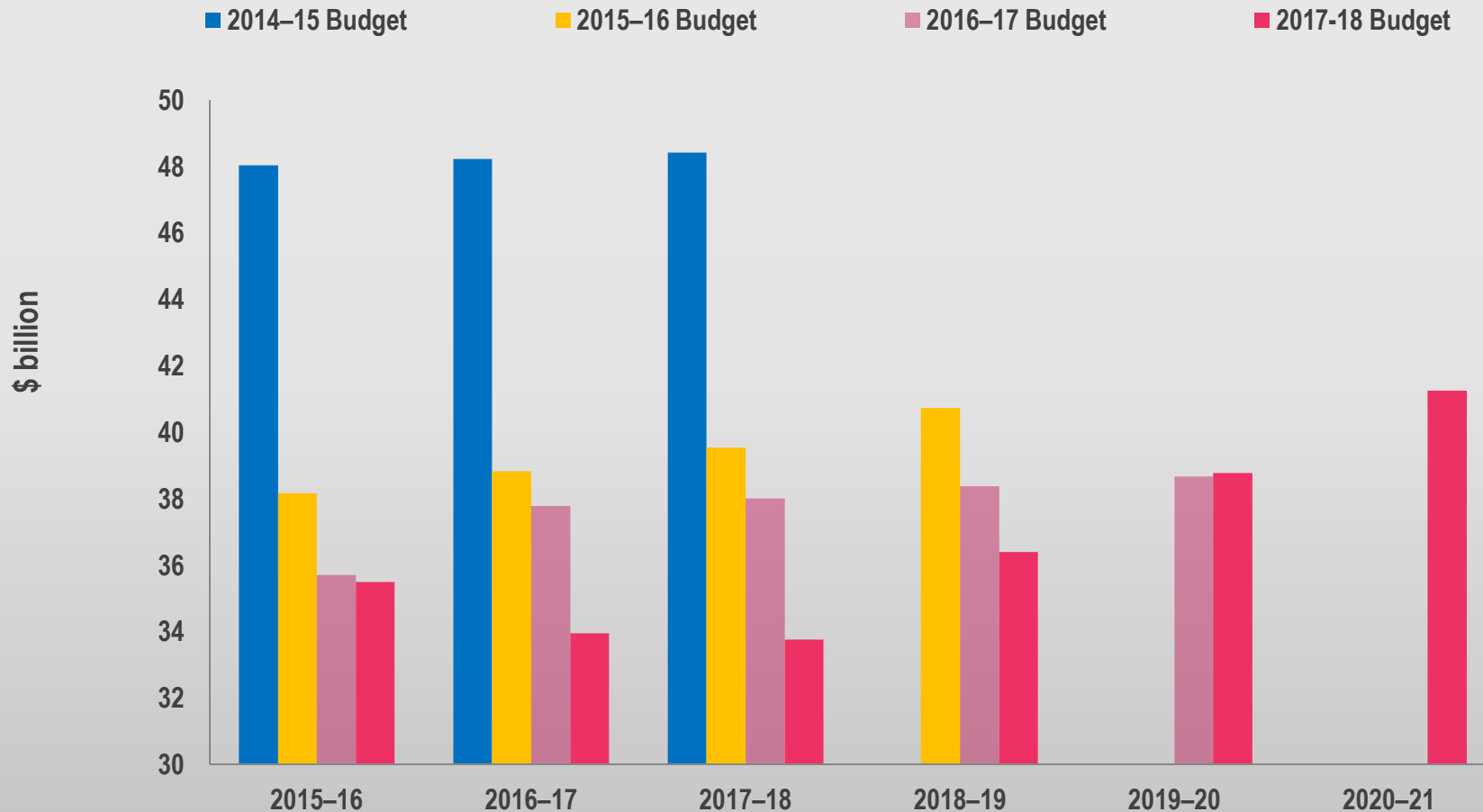
Fiscal outlook: General Government debt to revenue ratio



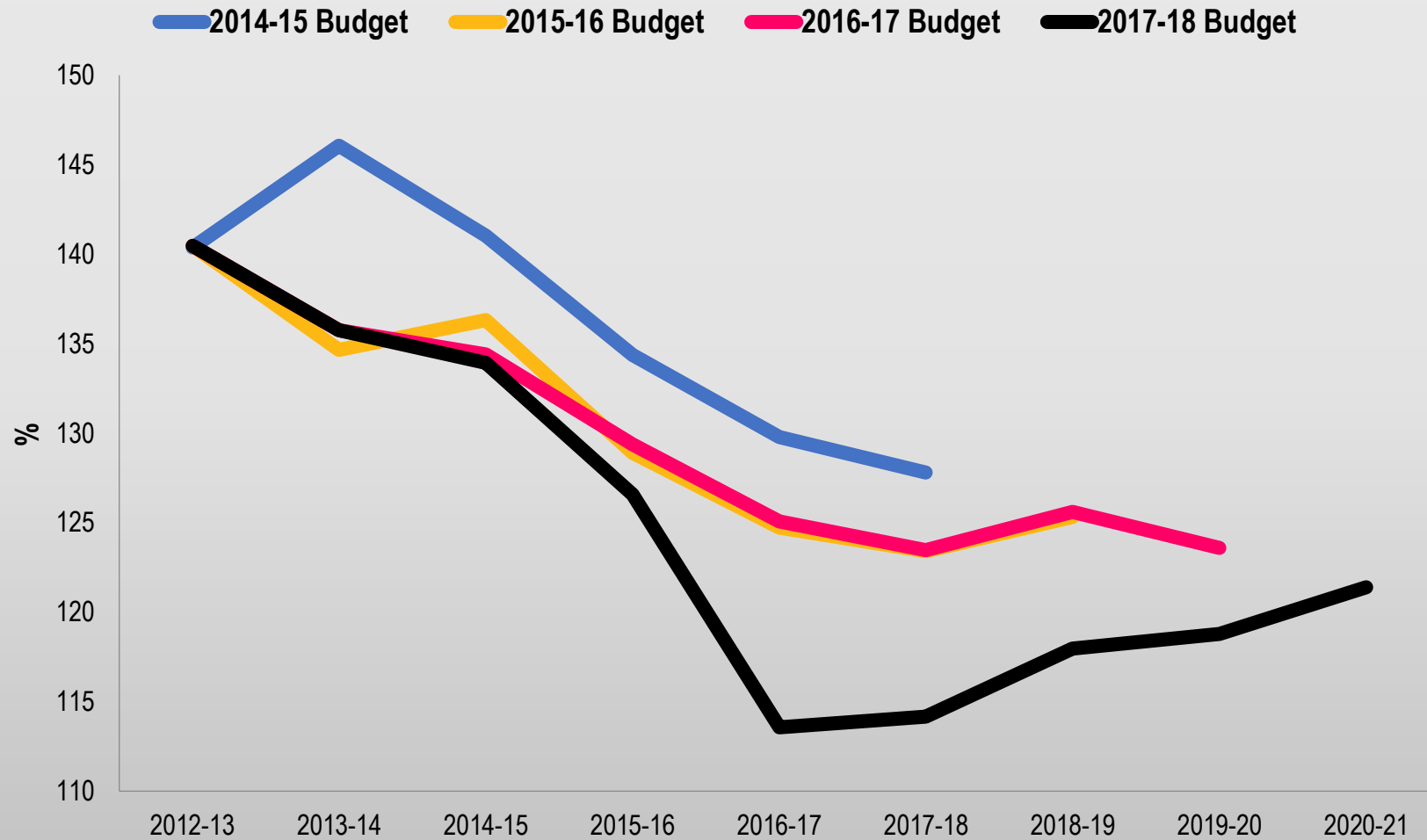
- Improvement in State's fiscal sustainability
- Debt to revenue ratio remains well below peak of 91 % in 2012-13



General Government debt



Non-financial Public Sector debt to revenue ratio



2017-18 Budget Summary

- Queensland's economy strengthening as state final demand picks up.
- Solid export growth (LNG exports and recovery of coal exports) supplemented by growing services exports such as tourism and education.
- 2016-17 will deliver largest operating surplus since 2005-06.
- Fiscal Principles anchoring fiscal strategy to deliver operating surpluses and affordable debt levels.
- Capacity to deliver productivity-enhancing infrastructure without significantly increasing debt.

