

Establishing a Queensland Government Benchmark For Building and Construction Infrastructure Spending

Prepared for:



April 2018

Q E A S

Queensland Economic
Advocacy Solutions

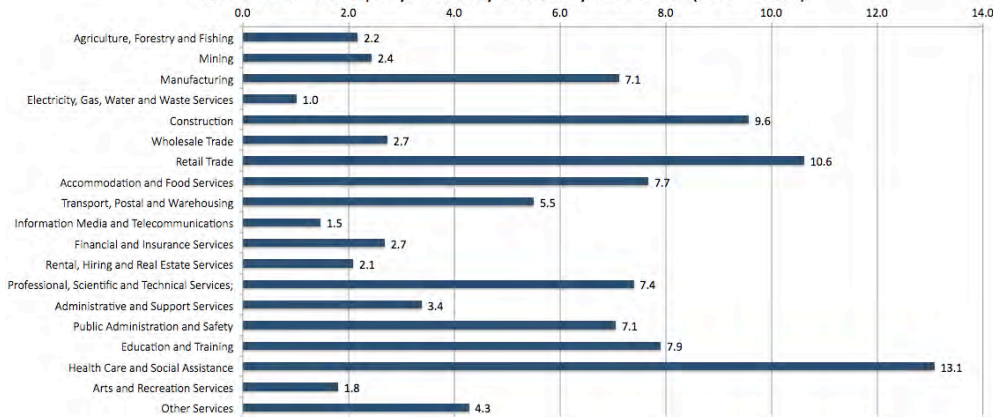
Overview

- 1.1 Infrastructure plays a crucial role in determining the strength of current and future economic growth in Queensland. An investment in infrastructure represents an investment in the future prosperity of our State. Infrastructure spending is measured by differing organisations under many names. The Australian Bureau of Statistics captures it under capital formation, it is referenced to as capital purchases within the State Budget and is otherwise often referred to as capital expenditure in the business community. This Report's scope of work seeks to establish a benchmark that can be used by the State Government for optimal capital expenditure levels.
- 1.2 Queensland's infrastructure is vital to our economy and the building and construction industry, yet QEAS analysis reveals that Queensland Public Sector capital expenditure (QPSCE) and in particular in the area of building and construction capital expenditure (QPSBCCE) has fallen to well below the long-term trend (25 year average). Key findings of this report include:
- The building and construction industry is the third largest employer in Queensland accounting for 9.6 per cent of the Queensland workforce or employing nearly a quarter of million Queenslanders. The Industry is the second largest contributor to the economy providing 8.9 per cent towards GSP or close to \$25 billion in 2016-17.
 - Over the past 25 years Queensland has had a significantly higher reliance on State public sector capital expenditure than any other State. On average over the past 25 years QPSCE has been 5.1 per cent of GSP compared to the national average of 3.3 per cent.
 - Queensland's economy has historically had a higher reliance on public sector capital expenditure for three main reasons: higher economic growth; higher population growth; coupled with a significantly greater geographical area and decentralised population.
 - Queensland public sector building and construction capital expenditure (QPSBCCE) as a percentage of Queensland GSP is currently (2016-17) at 1.8 per cent (\$6.01 billion) and compares to the peak of 4.4 per cent in 2009-10. The long-term (25 year) average is 2.7 per cent.
 - QPSBCCE as a percentage of overall building and construction activity in Queensland is currently tracking at 20.5 per cent and compares to the long-term average of 30.1 per cent.
 - QPSBCCE on both residential and non-residential buildings as a percentage of the economy is currently (0.3 per cent) well below the 25 year average (0.6 per cent).
 - QEAS recommends that the Queensland Government establish a 'Queensland Public Sector Building and Construction Capital Expenditure Benchmark' set at the 25 year average of 2.7 per cent of GSP. This would necessitate an additional \$2.9 billion in expenditure on top of the \$6.0 billion at present. QEAS further recommends that at least \$1.3 billion of this \$2.9 billion be in the area of residential and non-residential buildings.
 - Both NSW and the average of all States and Territories public sector building and construction capital expenditure as a percentage of the economy has already returned to their long term 25 year average following a decline similar to that of Queensland's across the period 2010-11 to 2015-16.
 - QEAS recommends the Queensland Government commit to achieving the 2.7 per cent benchmark with 'good projects' that deliver a positive benefit to cost ratio to the community.
- 1.3 A significant amount of investment is required in Queensland's infrastructure to support population and economic growth into the future. In order for the Sunshine State to grow and prosper unhindered, it is essential that our infrastructure is capable of meeting the needs of the economy today, and through better planning, construction and maintenance, meet the needs of our growing economy and population into the future.
- 1.4 In summary the Queensland Government and the Opposition should commit to a QPSBCCE benchmark and put in place an infrastructure investment pipeline of 'good projects' that surpasses their own terms of political office. By putting in place such an industry led and independent benchmark we can take the politics out of Queensland infrastructure investment.

Importance of the Queensland Building and Construction Industry

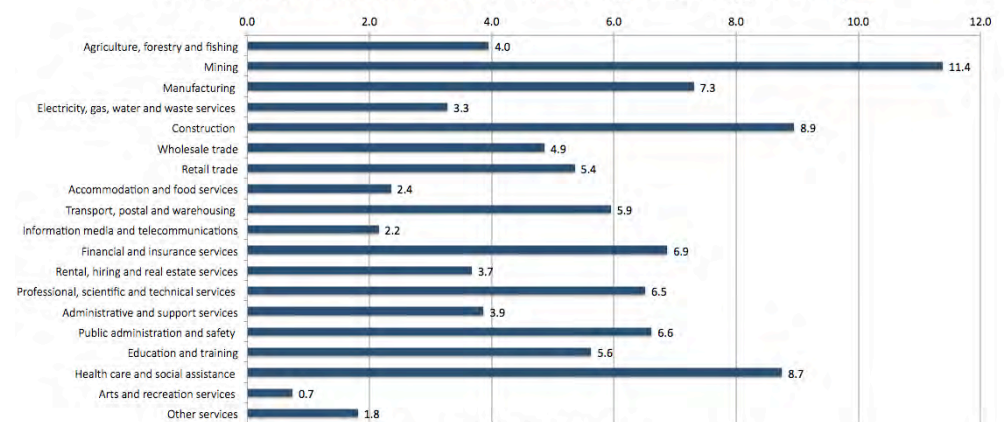
2.1 The Building and Construction sector is of crucial importance to the Queensland Economy and comprises of world leading companies delivering state of art technology and building methods. The Industry is the third largest employer in Queensland accounting for 9.6% of the Queensland workforce or nearly a quarter of million Queenslanders. In terms of contribution to Gross State Product the building and construction sector remains the second largest industry contributing 8.9% towards GSP or close to \$25 billion in 2016-17. However the building and construction sector’s percentage of total GSP has been in decline in recent several years.

Queensland Employment by Industry 2016-17 (% of total)



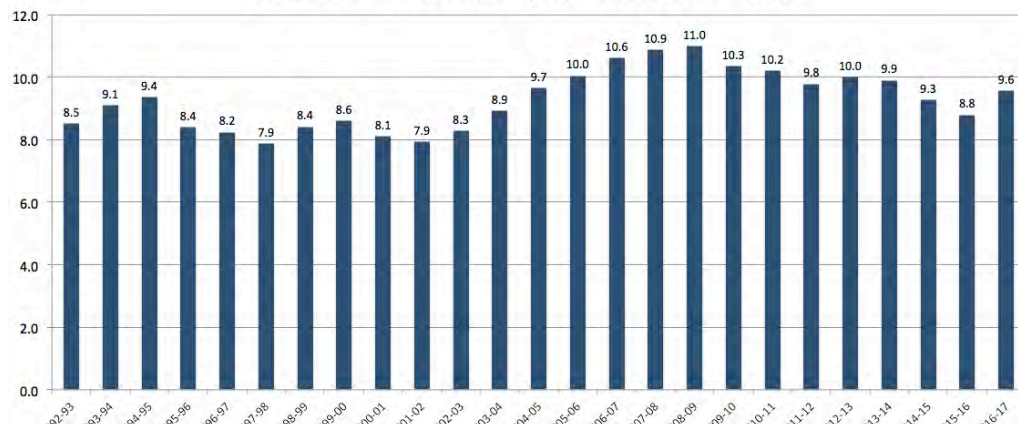
Source: ABS Catalogue 5291.0

Queensland Gross State Product by Industry 2016-17 (% of total)



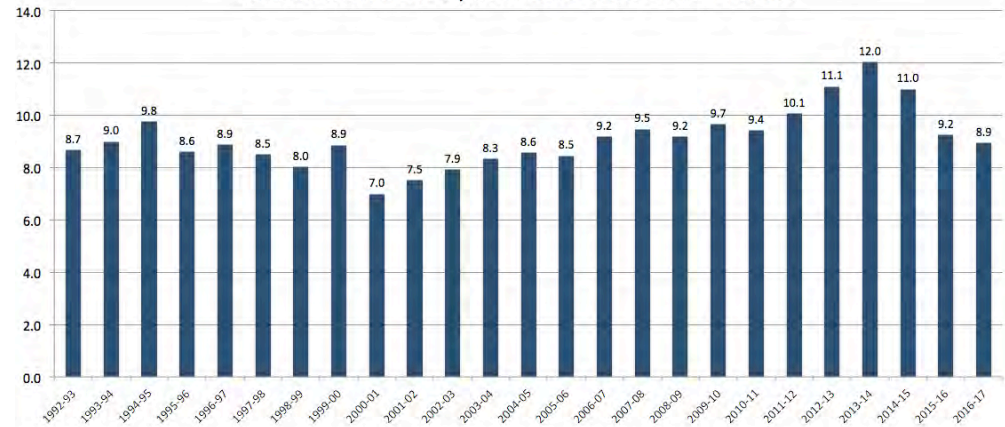
Source: ABS Catalogue 5220.0

Construction Industry Employment as a % of Total



Source: ABS Catalogue 5291.0

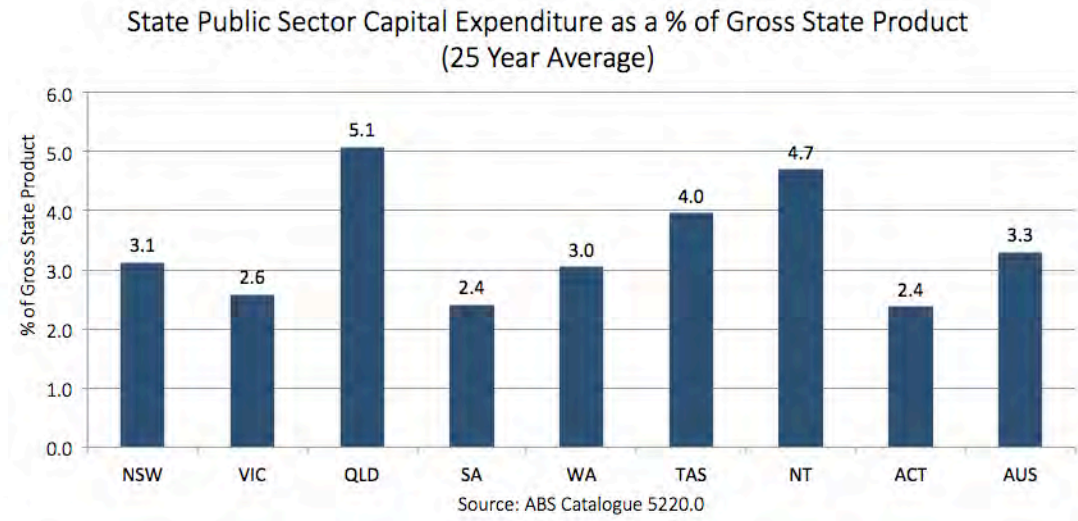
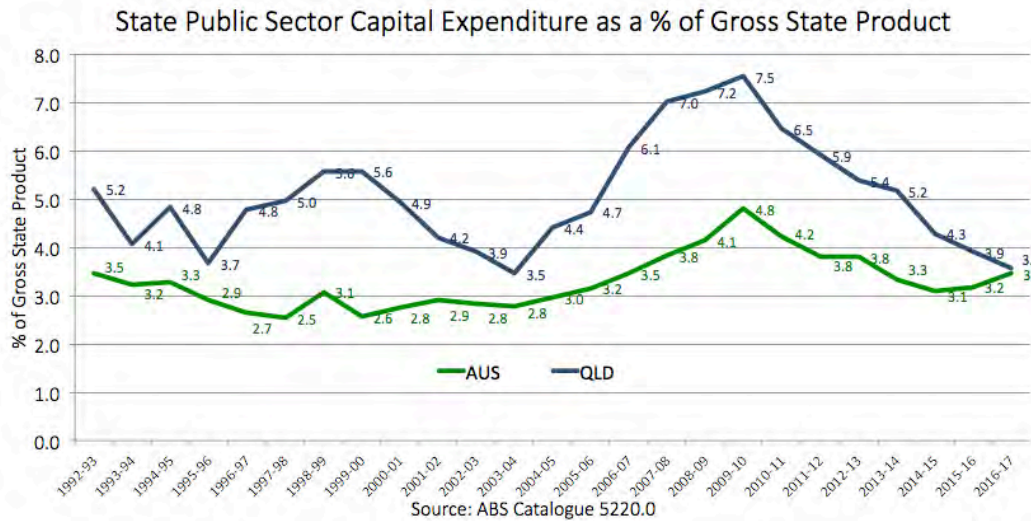
Construction Industry % of Total Gross State Product



Source: ABS Catalogue 5220.0

Queensland’s Economy has a higher reliance on State Public Sector Capital Expenditure

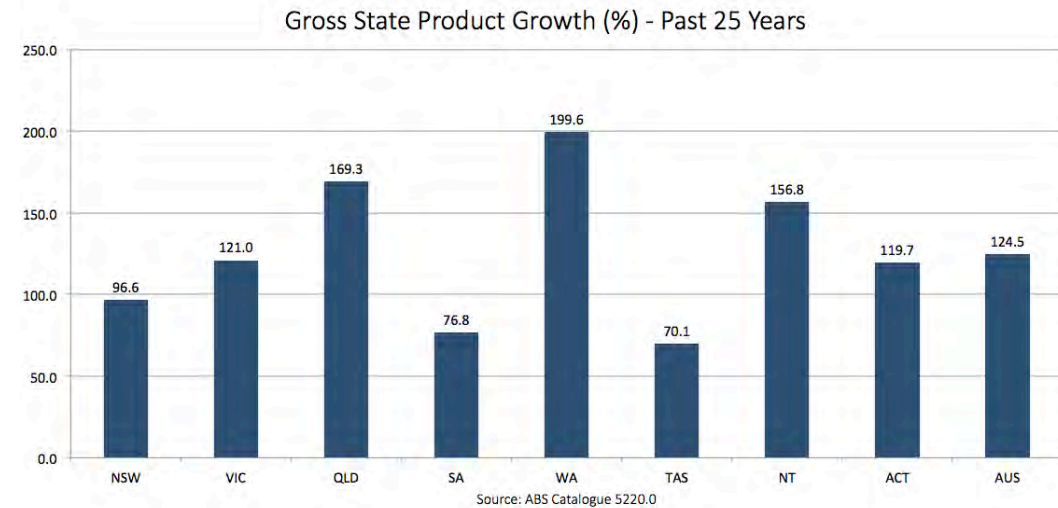
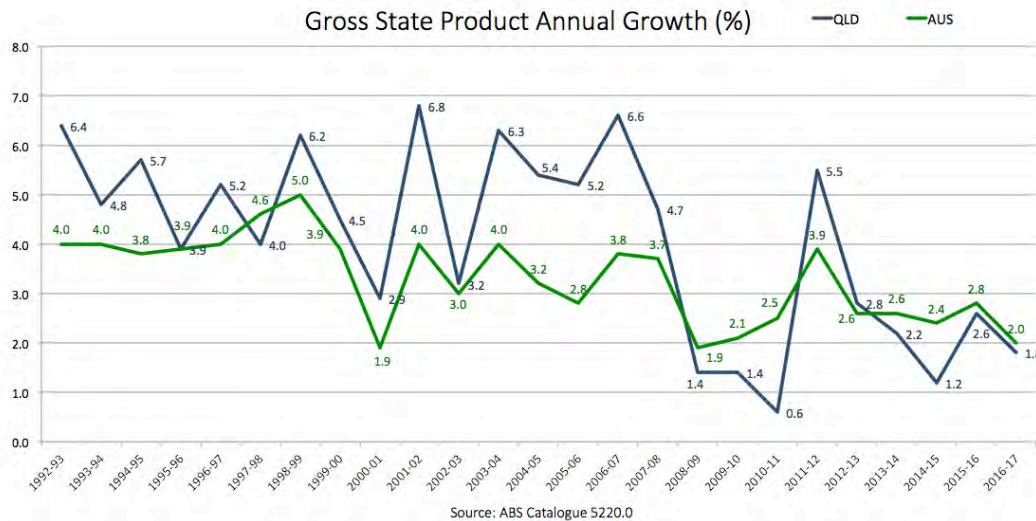
- 3.1 Over the past 25 years Queensland has had a significantly higher reliance on State public sector capital expenditure than any other State. However the extent of this variation has narrowed in recent years. On average over the past 25 years Queensland public sector capital expenditure (QPSCE) has been 5.1 per cent compared to the national average of 3.3 per cent.
- 3.2 QPSCE captures State Government, Local Government and Queensland Government Owned Corporations (GOCs) spending in areas including building and construction (road, rail, correctional centres, schools, hospitals, transmission and distribution networks, dams, water pipelines, social housing) but also in non building and construction areas including computers, IT systems, overseas manufactured train carriages, emergency service vehicles and train control systems. In addition, it removes Commonwealth Government spending in each State.



- 3.3 Most Australian State’s public sector capital expenditure peaked in the period 2008-09 to 2010-11 and then over the subsequent five years declined. The bottom of this trough was in 2014-15 and in the last two years has commenced growing and is now back above the long term trend (25 years).
- 3.4 The all state average public sector capital expenditure as a percentage of GSP peaked at 4.8 per cent, bottomed at 3.1 per cent and is now at 3.5 per cent above the 3.3 per cent long term trend. QPSCE peaked at 7.5 per cent in 2009-10 and has steadily fallen to 3.6 per cent in 2016-17.
- 3.5 The extent of Queensland’s higher reliance on QPSCE has averaged 1.8 per cent of GSP over past 25 years. The maximum difference between Queensland and the all-State average was 2.7 per cent in 2009-10 and the narrowest difference was in the most recent 2016-17 year and was only 0.1 per cent of GSP. Reasons for the Sunshine State’s greater reliance on public sector capital expenditure is discussed in the next section.

Why does Queensland have a higher reliance on State Public Sector Capital Expenditure?

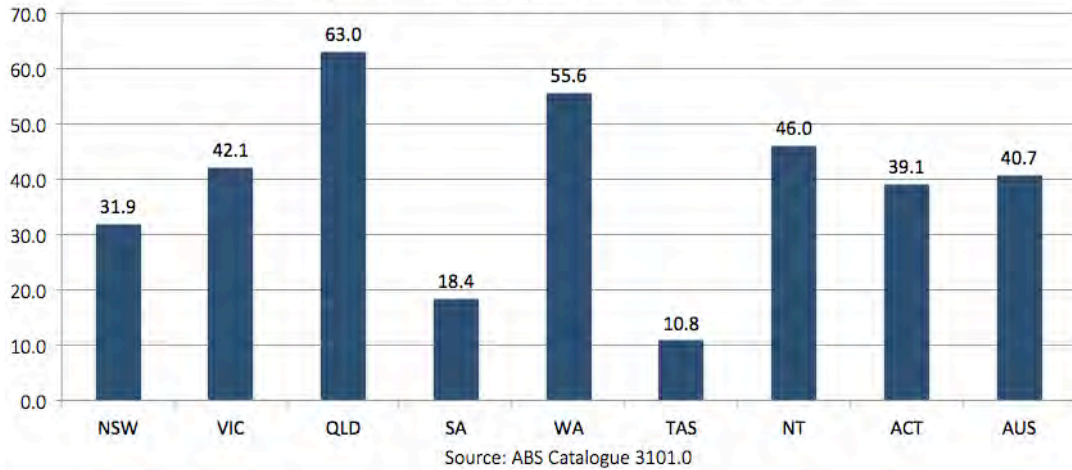
- 4.1 Queensland's economy has historically had a higher reliance on QPSCE for three main reasons: higher economic growth; higher population growth; coupled with a significantly greater geographical area and decentralised population. These factors have given rise to the both Queensland State and Local Government needing to spend a greater proportionate amount on infrastructure than other State and Local Governments.
- 4.2 Queensland has undoubtedly been one of Australia's success stories in terms of its economic growth only being surpassed by Western Australia over the past 25 years. Queensland's gross state product has grown by nearly 170 per cent to now be a \$327 billion economy in 2016-17 prices. This compares to national growth over the same period of 125 per cent. Growth in recent years for the Sunshine State has been somewhat subdued but Queensland Government estimates have growth increasing from 1.8 per cent in 2016-17 to 2.75 per cent in 2017-18 and 3.0 per cent in 2018-19. Whilst these forecasts remain under the 25 year long term average of 4 per cent (3.3 per cent nationally) the anticipated economic growth will require continuing higher levels of infrastructure renewal and capacity than at present.



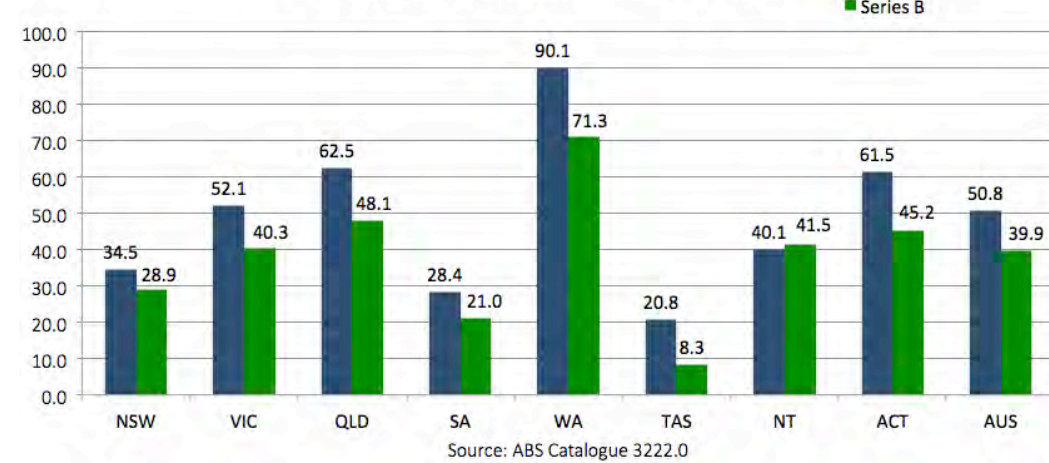
- 4.3 Over the past 25 years Queensland's population growth has grown by 63 per cent significantly above the national rate of 40.7 per cent and has been the highest of all States. Population flows towards economic and employment opportunity and as our economy has grown generating jobs our population has swelled. Furthermore forecasted population over the next 25 years indicates that Queensland's population will continue to grow well above the national average giving rise to continuing higher levels of infrastructure investment. Depending upon growth scenario (Series A: high and Series B: moderate) ABS estimates Queensland's population to grow by between 48.1 to 62.5 per cent and compares to the national average of between 39.9 to 50.8 per cent.



Population Growth (%) - Past 25 years



Population Growth (%) - Next 25 years



4.4 The third element of why Queensland has a higher public sector capital expenditure as a percentage of the economy relates to the geographic size of our State coupled with our decentralised population and resulting lower population densities. The size of the challenge to Queensland Government and Local Councils across the State is evidenced in the following table. In short the land area, regional populations, road network, rail network, number of airports, number of ports, dams, water pipelines, water treatment plants and length of transmission and distribution electricity networks necessitate a significant and higher level of investment historically, currently and into the future.

	Land Area Km2	% of pop outside capital city	Road Length km	Rail Route km	Passenger rail km	Passenger rail stations	International Airports	Other Airports	Ports	Dams Water Storage Gialitres	Water Treatment Plants	Electricity Transmission Distribution Line km
NSW	800,642	35%	207,239	7,178	381	178	1	9	3	12,851	91	254,601
VIC	227,416	24%	145,736	4,221	362	218	1	1	3	9,889	175	132,118
QLD	1,730,648	52%	223,389	8,293	414	152	5	9	6	7,403	99	193,030
SA	983,482	22%	96,930	3,397	44	86	1	1	4	2,173	42	76,852
WA	2,529,875	21%	157,403	7,735	181	71	2	5	8	9,867	23	79,212
TAS	68,401	57%	19,952	618	-	-	-	2	3	13,,625	43	23,634
NT	1,349,129	42%	19,282	1,693	-	-	1	2	1	239	-	5,167
ACT	2,358	-	3,448	6	-	-	-	-	-	126	2	

Source: ABS, BITRE, QEAS

Methodology for estimating Queensland Public Sector Building & Construction Capital Expenditure (QPSBCCE)

5.1 QEAS has been able to estimate the actual level of Queensland Public Sector Capital Expenditure on Building and Construction through analysis of ABS Catalogues 8762.0, 8752.0 and 5220.0. From ABS Catalogues 8762.0 and 8752.0 total expenditure was calculated from the following areas:

- Roads, highways and subdivisions;
- Bridges, railways and harbours;
- Electricity generation, transmission and pipelines;
- Water storage and supply;
- Sewerage and drainage;
- Telecommunications;
- Heavy industry engineering;
- Recreation (earthmoving for parks etc);
- Residential buildings and
- Non-residential construction.

8762.0 Engineering Construction Activity, Australia
TABLE 19. Value of Work Done, by Sector, Queensland, Original

Related Information: [Summary Publication](#) [Explanatory Notes](#) [Inquiries](#)
[Glossary](#)

Data Item Description	Series Type	Series ID	Series Start	Series End	No. Obs.	Unit	Data Type	Freq.	Collection Month
Value of work done: Queensland: By the private sector for the private sector: Water storage and supply, sewer	Original	A1E39374V	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: By the private sector for the private sector: Telecommunications;	Original	A1E39347L	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: By the private sector for the private sector: Heavy industry;	Original	A1E39383W	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: By the private sector for the private sector: Recreation and other;	Original	A1E39377A	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: By the private sector for the private sector: Total (Type of Construction);	Original	A1E39392X	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Roads, highways and subdivisions;	Original	A1E39953L	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Bridges, railways and harbours;	Original	A1E40001A	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Electricity generation, transmission etc. and pipel	Original	A1E40004L	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Water storage and supply, sewerage and drainag	Original	A1E40007E	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Telecommunications;	Original	A1E39980V	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Heavy industry;	Original	A1E40010T	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Recreation and other;	Original	A1E40010C	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total for the public sector: Total (Type of Construction);	Original	A1E40020V	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Roads, highways and subdivisions;	Original	A1E40026A	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Bridges, railways and harbours;	Original	A1E40070V	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Electricity generation, transmission etc. and pipelines;	Original	A1E40078A	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Water storage and supply, sewerage and drainage;	Original	A1E40082R	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Telecommunications;	Original	A1E40005J	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Heavy industry;	Original	A1E40091T	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Recreation and other;	Original	A1E40085W	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3
Value of work done: Queensland: Total all sectors: Total (Type of Construction);	Original	A1E40100J	Sep-1986	Sep-2017	125	\$1000	FLOW	Quarter	3

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8752.0 Building Activity, Australia
TABLE 15. Value of Building Work Done by Sector, Queensland

Related Information: [Summary Publication](#) [Explanatory Notes](#) [Inquiries](#)
[Glossary](#)

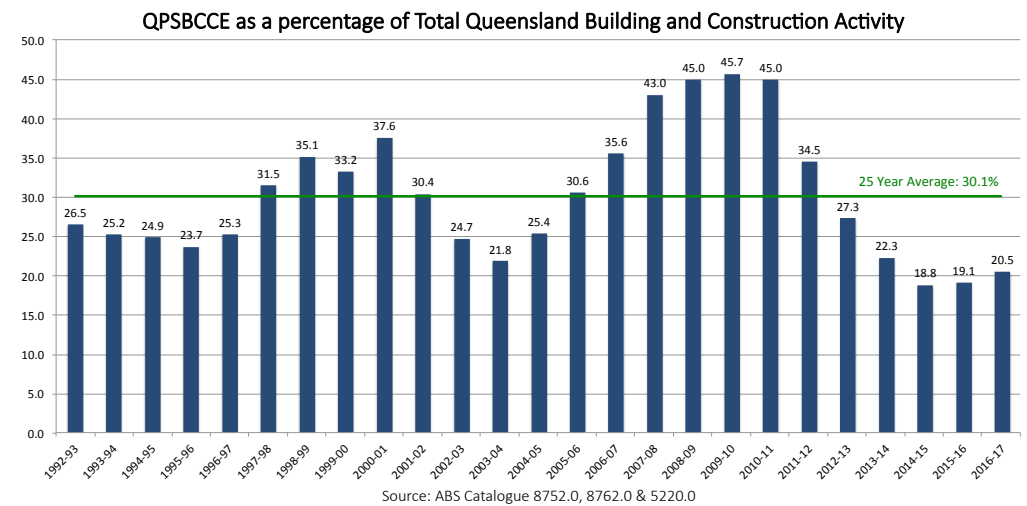
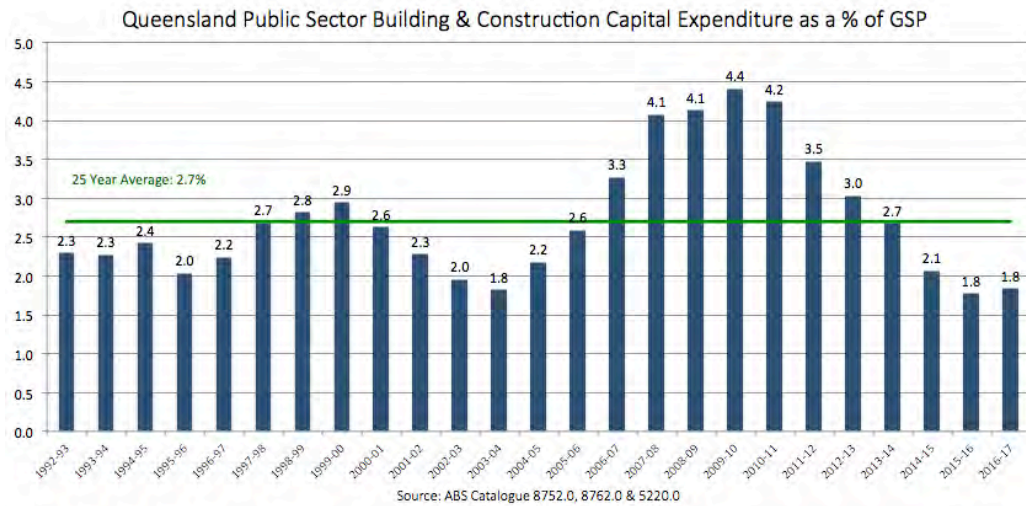
Data Item Description	Series Type	Series ID	Series Start	Series End	No. Obs.	Unit	Data Type	Freq.	Collection Month
Value of work done during quarter: Queensland: Total Residential: Private Sector;	Original	AR3790291A	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Residential: Total Sectors;	Original	AR3801883F	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Non-residential: Private Sector;	Original	AR379007A	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Non-residential: Total Sectors;	Original	AR3802086V	Sep-1958	Sep-2017	237	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total (Type of Building): Private Sector;	Original	AR3790363A	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total (Type of Building): Public Sector;	Original	AR3800850V	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total (Type of Building): Total Sectors;	Original	AR3801956F	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Residential: Total Sectors;	Seasonally Adj	AR3801481A	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Non-residential: Private Sector;	Seasonally Adj	AR379007EJ	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Non-residential: Total Sectors;	Seasonally Adj	AR3801667L	Sep-1958	Sep-2017	209	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total (Type of Building): Total Sectors;	Seasonally Adj	AR3801623A	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Residential: Total Sectors;	Trend	AR3802315A	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Non-residential: Private Sector;	Trend	AR3790393F	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total Non-residential: Total Sectors;	Trend	AR3802531V	Sep-1958	Sep-2017	237	\$1000	FLOW	Quarter	3
Value of work done during quarter: Queensland: Total (Type of Building): Total Sectors;	Trend	AR3802387I	Sep-1974	Sep-2017	173	\$1000	FLOW	Quarter	3

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5.2 Using ABS catalogue 5220.0 a simplifying assumption has been incorporated to filter out the Commonwealth Government component from overall public sector capital spending (Public Corporations - State and Local Gross Fixed Capital Formation plus General Government - State and Local Gross Fixed Capital Formation as a percentage of Public - Gross Fixed Capital Formations). The total public sector value of work done excluding Commonwealth spending has been used as the estimate of QPSBCCE and has been calculated as a percentage of total Queensland Gross State Product. Estimates are sourced from original series type, are in current prices and provided on the next page (more detail is contained in the explanatory notes).

Queensland Public Sector Capital Expenditure on Building and Construction: The Facts

- 6.1 The cyclical nature of Queensland Public Sector Building and Construction Capital Expenditure (QPSBCCE) is evidenced in the below graphs. In respect to the most recent cycle, the expansion occurred in the years 2004-05 to 2009-10. There has been a contraction over the period 2010-11 to 2015-16 with the trough occurring in 2015-16. 2016-17 appears to be the commencement of another expansionary stage however QPSBCCE remains well below the long-term 25 year trend as a percentage of GSP. QPSBCCE as a percentage of Queensland Gross State Product (GSP) is currently (2016-17) at 1.8 per cent (\$6.01 billion) and compares to the peak of 4.4 per cent in 2009-10 (\$11.02 billion). The long term average QPSBCCE as a percentage of Queensland GSP is 2.7 per cent.
- 6.2 QPSBCCE as a percentage of overall Queensland building and construction activity is currently tracking at 20.5 per cent and compares to the long-term 25 year average of 30.1 per cent. The low point occurred in 2014-15 at 18.8 per cent and the high point occurred in 2009-10 peaking at nearly 45.7 per cent.



- 6.3 In terms of percentage of total QPSBCCE: engineering work in the areas of roads, bridges, electricity, water, and telecommunication, heavy industry and recreation construction made up the largest component in 2016-17 and accounted for 86.3 per cent of total QPSBCCE. Residential and non-residential building construction made up the residual 13.7 per cent of the total. The 25 year respective averages were 76.9 per cent and 23.1 per cent of total QPSBCCE.
- 6.4 In 2016-17 Queensland public sector roads, bridges, electricity, water, and telecommunication, heavy industry and recreation construction was only 1.6 per cent of GSP (\$5.2 billion) and Queensland public sector residential and non-residential building construction was only 0.3 per cent of GSP (\$0.8 billion). Across the past 25 years engineering work in the area of roads, bridges, electricity, water, and telecommunication, heavy industry and recreation construction has averaged 2.1 per cent of Queensland GSP. Residential and non-residential building construction across the past 25 years has averaged 0.6 per cent of Queensland GSP. As stated when aggregated total QPSBCCE as a percentage of Queensland GSP in 2016-17 was 1.8 per cent (\$6.0 billion) and compares to the 25 year average of 2.7 per cent.

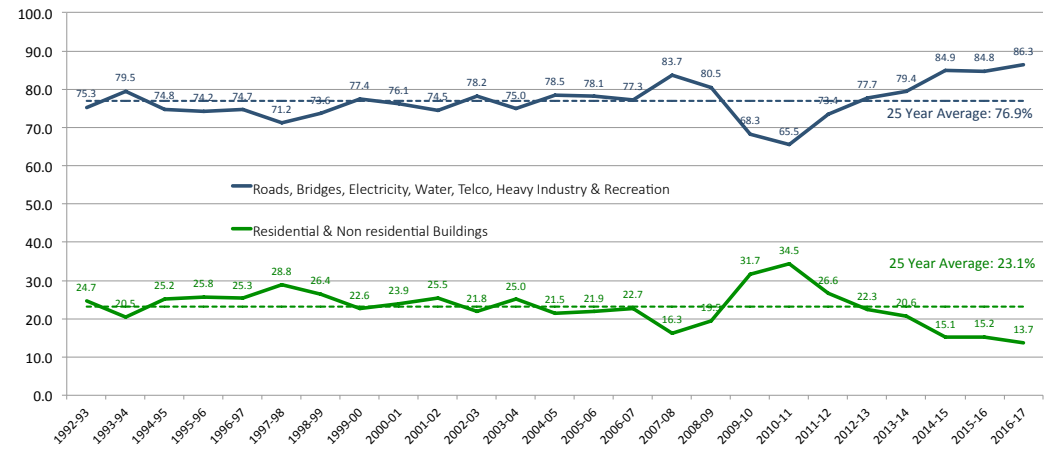
6.5 The difference between the 2016-17 QPSBCCE as a percentage of GSP (1.8 per cent) and the 25 year average (2.7 per cent) is 0.9 per cent and is equivalent to a \$2.9 billion underinvestment in 2016-17 dollars. Based on the contribution to Queensland GSP across the past 25 years the break down of the \$2.9 billion in 2016-17 is a \$1.6 billion underinvestment in Queensland public sector roads, bridges, electricity, water, and telecommunication, heavy industry and recreation construction and a \$1.3 billion underinvestment in Queensland public sector residential and non-residential building construction.

Queensland Public Sector Building and Construction Capital Expenditure (\$ millions)



Source: ABS Catalogue 8752.0, 8762.0 & 5220.0

Percentage of Total QPSBCCE by Component (%)

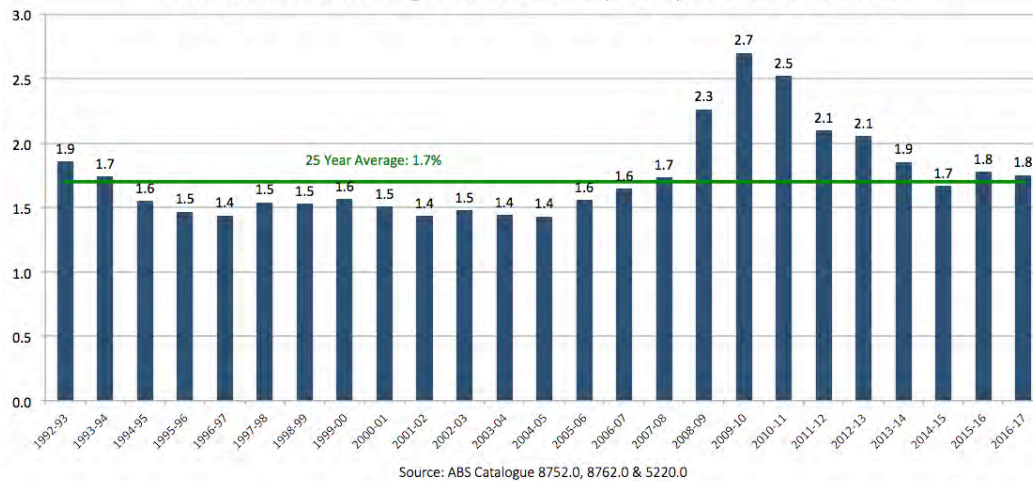


Source: ABS Catalogue 8752.0, 8762.0 & 5220.0

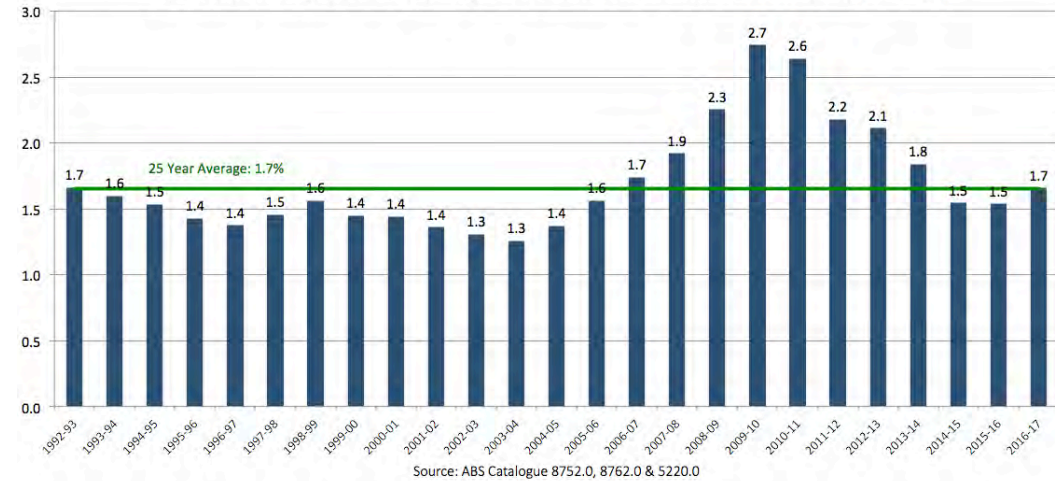
Establishing a QPSBCCE Benchmark

- 7.1 QEAS recommends that the Queensland Government establish a ‘Queensland Public Sector Building and Construction Capital Expenditure Benchmark’ with 3 components:
- Overall QPSBCCE set at the 25 year average of 2.7 per cent of GDP (eg in 2016-17: \$6 billion plus additional \$2.9 billion = total \$8.9 billion);
 - Queensland public sector residential and non-residential building capital expenditure set at the 25 year average of 0.6 per cent of GDP (eg in 2016-17: \$0.8 billion plus additional \$1.3 billion = total \$2.1 billion);
 - Queensland public sector roads, bridges, electricity, water, and telecommunication, heavy industry and recreation construction capital expenditure set at the 25 year average of 2.1 per cent of GDP (eg in 2016-17: \$5.2 billion plus additional \$1.6 billion = total \$6.8 billion).
- 7.2 In analysing both NSW and the average of all States and Territories, their public sector building and construction capital expenditure as a percentage of the economy has already returned to their long term 25 year average adding weight to the merit of establishing a 2.7 per cent of Queensland GDP benchmark to aim for. In contrasting Queensland against NSW and what has happened in aggregate for the other States and Territories, Queensland experienced a similar reduction in public sector building and construction capital expenditure as a percentage of the economy from the same high points in 2009-10 however the level of reduction for Queensland was more severe and we have not yet returned to the long term 25 year average as has occurred in other States.

NSW Public Sector Building & Construction Capital Expenditure as a % of GDP



Public Sector Building & Construction Capital Expenditure as a % of GDP (State & Territory Average)



- 7.3 The caveat that QEAS would recommend to accompany such a QPSBCCE benchmark, is that the Queensland Government should commit to achieving the 2.7 per cent of GDP benchmark through ‘good projects’ that deliver a positive benefit to cost ratio. Having a benchmark for the sake of having one would deliver spend that would benefit Queensland building and construction. However by having a 2.7 per cent of GDP benchmark achieved through investing in projects where the benefits significantly outweighs the costs delivers stimulus not only to the Queensland building and construction industry but delivers benefit to the Queensland community by investing in the State’s economic and social futures utilising economically and financially sound projects.
- 7.4 Given the forecasted population and economic growth for Queensland over the next 25 years, QEAS believes there will be ample ‘good projects’ for Queensland State and Local Governments to choose from to achieve the 2.7 per cent of GDP benchmark. Indicative projects are already listed in Australian and Queensland Infrastructure Plans.

Explanatory Notes

- 8.1 Statistics relating to building activity (ABS Catalogue 8752.0) include construction of new residential and non-residential buildings and alterations and additions to existing buildings. Construction activity not defined as building (e.g. construction of roads, bridges, railways, earthworks, etc.) is compiled from the ABS Engineering Construction Survey (ABS Catalogue 8762.0). Results from the Building Activity Survey, together with estimates from the Engineering Construction Survey (ECS), provide a complete picture of building and construction in each State and across Australia.
- 8.2 The ECS aims to measure the value of all engineering construction work undertaken. This value excludes the cost of land and repair and maintenance activity, as well as the value of any transfers of existing assets, the value of installed machinery and equipment not integral to the structure and the expenses for relocation of utility services. However, a contract for the installation of machinery and equipment that is an integral part of a construction project is included.
- 8.3 The ownership of a building is classified as either private sector or public sector, according to the sector of the intended owner of the completed building as evident at the time of approval. Residential buildings being constructed by private sector builders under government housing authority schemes whereby the authority has contracted, or intends to contract, to purchase the buildings on or before completion, are classified as public sector.
- 8.4 The public sector includes Commonwealth Departments and Authorities, State Departments and Authorities, Local Government Authorities, Water, Sewerage and Electricity Authorities and government owned businesses and Statutory Authorities. All remaining organisations are classified as private sector. The Queensland Public Sector is defined as both the Queensland Government and its GOCs and the 77 Queensland Councils.
- 8.5 A project is classified to a category of construction without regard to end use. Where a project involves more than one category of construction the project is included under the category, which accounts for the major part of the contract in terms of value.
- 8.6 All statistics are sourced from original data, value of work done and are in current prices unless otherwise indicated.

Sources

<http://qeas.com.au/entries/general/cross-river-rail-is-not-the-only-infrastructure-needed-in-queensland>
<http://www.dilgp.qld.gov.au/resources/plan/sip/sip-part-b-2017.pdf>
<http://infrastructureaustralia.gov.au/policy-publications/publications/Australian-Infrastructure-Plan.aspx>
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 Australian Bureau of Statistics, 8752.0 - Building Activity, Australia, Sep 2017
 Australian Bureau of Statistics, 8762.0 - Engineering Construction Activity, Australia, Sep 2017
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Estimates of Queensland Public Sector Building and Construction Capital Expenditure

	Roads, Bridges, Electricity, Water, Telco, Heavy Industry & Recreation (\$ millions)	Buildings - Residential & Non residential (\$ millions)	QPSBCCE (\$ millions)	GSP (\$ millions)		Roads, Bridges, Electricity, Water, Telco, Heavy Industry & Recreation (% of GSP)	Buildings - Residential & Non residential (% of GSP)	QPSBCCE (% of GSP)
1992-93	\$ 1,224	\$ 401	\$ 1,625	\$ 70,715	1992-93	1.73	0.57	2.30
1993-94	\$ 1,351	\$ 348	\$ 1,698	\$ 74,841	1993-94	1.80	0.46	2.27
1994-95	\$ 1,471	\$ 496	\$ 1,967	\$ 81,114	1994-95	1.81	0.61	2.43
1995-96	\$ 1,295	\$ 450	\$ 1,745	\$ 85,715	1995-96	1.51	0.52	2.04
1996-97	\$ 1,527	\$ 518	\$ 2,045	\$ 91,165	1996-97	1.68	0.57	2.24
1997-98	\$ 1,838	\$ 743	\$ 2,581	\$ 96,201	1997-98	1.91	0.77	2.68
1998-99	\$ 2,128	\$ 763	\$ 2,891	\$ 102,482	1998-99	2.08	0.74	2.82
1999-00	\$ 2,456	\$ 716	\$ 3,172	\$ 107,695	1999-00	2.28	0.66	2.95
2000-01	\$ 2,302	\$ 721	\$ 3,023	\$ 115,047	2000-01	2.00	0.63	2.63
2001-02	\$ 2,169	\$ 743	\$ 2,912	\$ 127,591	2001-02	1.70	0.58	2.28
2002-03	\$ 2,061	\$ 576	\$ 2,637	\$ 134,745	2002-03	1.53	0.43	1.96
2003-04	\$ 2,026	\$ 677	\$ 2,703	\$ 148,464	2003-04	1.36	0.46	1.82
2004-05	\$ 2,811	\$ 769	\$ 3,580	\$ 164,585	2004-05	1.71	0.47	2.18
2005-06	\$ 3,772	\$ 1,057	\$ 4,830	\$ 186,758	2005-06	2.02	0.57	2.59
2006-07	\$ 5,235	\$ 1,539	\$ 6,774	\$ 207,383	2006-07	2.52	0.74	3.27
2007-08	\$ 7,617	\$ 1,480	\$ 9,096	\$ 223,359	2007-08	3.41	0.66	4.07
2008-09	\$ 8,292	\$ 2,011	\$ 10,303	\$ 249,310	2008-09	3.33	0.81	4.13
2009-10	\$ 7,357	\$ 3,412	\$ 10,769	\$ 244,158	2009-10	3.01	1.40	4.41
2010-11	\$ 7,222	\$ 3,797	\$ 11,019	\$ 259,914	2010-11	2.78	1.46	4.24
2011-12	\$ 7,095	\$ 2,566	\$ 9,661	\$ 278,406	2011-12	2.55	0.92	3.47
2012-13	\$ 6,637	\$ 1,910	\$ 8,546	\$ 281,979	2012-13	2.35	0.68	3.03
2013-14	\$ 6,153	\$ 1,598	\$ 7,751	\$ 289,505	2013-14	2.13	0.55	2.68
2014-15	\$ 5,187	\$ 923	\$ 6,110	\$ 295,336	2014-15	1.76	0.31	2.07
2015-16	\$ 4,552	\$ 818	\$ 5,370	\$ 303,352	2015-16	1.50	0.27	1.77
2016-17	\$ 5,188	\$ 822	\$ 6,010	\$ 326,995	2016-17	1.59	0.25	1.84

About QEAS

Queensland Economic Advocacy Solutions delivers solutions in economic, political and social advocacy in Queensland for small and medium sized businesses, industry associations, local chambers of commerce, and local and state government. QEAS provides:

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Notes

Reconciling Queensland Government Budget Allocation with Actual Delivery for Capital Purchases

Prepared for:



February 2018

Key Findings

Overall Observations

- The Queensland Government has consistently underspent on its forecasted capital purchases budget.
- This underspend has been consistent across both LNP and Queensland Labor Governments.
- Government Owned Corporations have a considerably better record in delivering their forecasted capital purchases budget.
- On average across the period 2014-15 to 2016-17 only four in every five dollars have been delivered in Queensland Government capital purchases against the budgeted amount.
- Queensland Public Sector capital purchases is defined as expenditure on building and construction (road, rail, correctional centres, schools, hospitals, transmission and distribution networks, dams, water pipelines, social housing) as well as non building and construction areas including computers, IT systems, overseas manufactured train carriages, emergency service vehicles and train control systems. This amount excludes both Commonwealth and Local Government capital purchases.

Queensland Government

- In each of the financial years 2014-15, 2015-16 and 2016-17 the Queensland Government has underspent in capital purchases compared to that year's Budget allocation.
- In 2014-15 that underspend was \$1,337 million, in 2015-16: \$1,330 million and in 2016-17: \$818 million. Cumulatively the Queensland Government underspend has amounted to \$3,485 million across that period.
- The percentage of budgeted amount actually delivered in 2014-15 was 77.6%, in 2015-16: 75.3% and in 2016-17: 85%. The average across this period was 79.2%.

Queensland Government Owned Corporations

- In each of the financial years 2014-15, 2015-16 and 2016-17 Queensland GOCS have underspent in capital purchases compared to their respective year's Budget allocation. However, this underspend in dollar and percentage terms is significantly less than for the Queensland Government.
- In 2014-15 the underspend was \$253 million, in 2015-16: \$392 million and in 2016-17: \$141 million. Cumulatively Queensland GOCs underspend has amounted to \$786 million across that period.
- The percentage of budgeted amount actually delivered in 2014-15 was 92.6%, in 2015-16: 87.8% and in 2016-17: 95%. The average across this period was 91.7%.

Queensland Public Sector (Government plus GOCs)

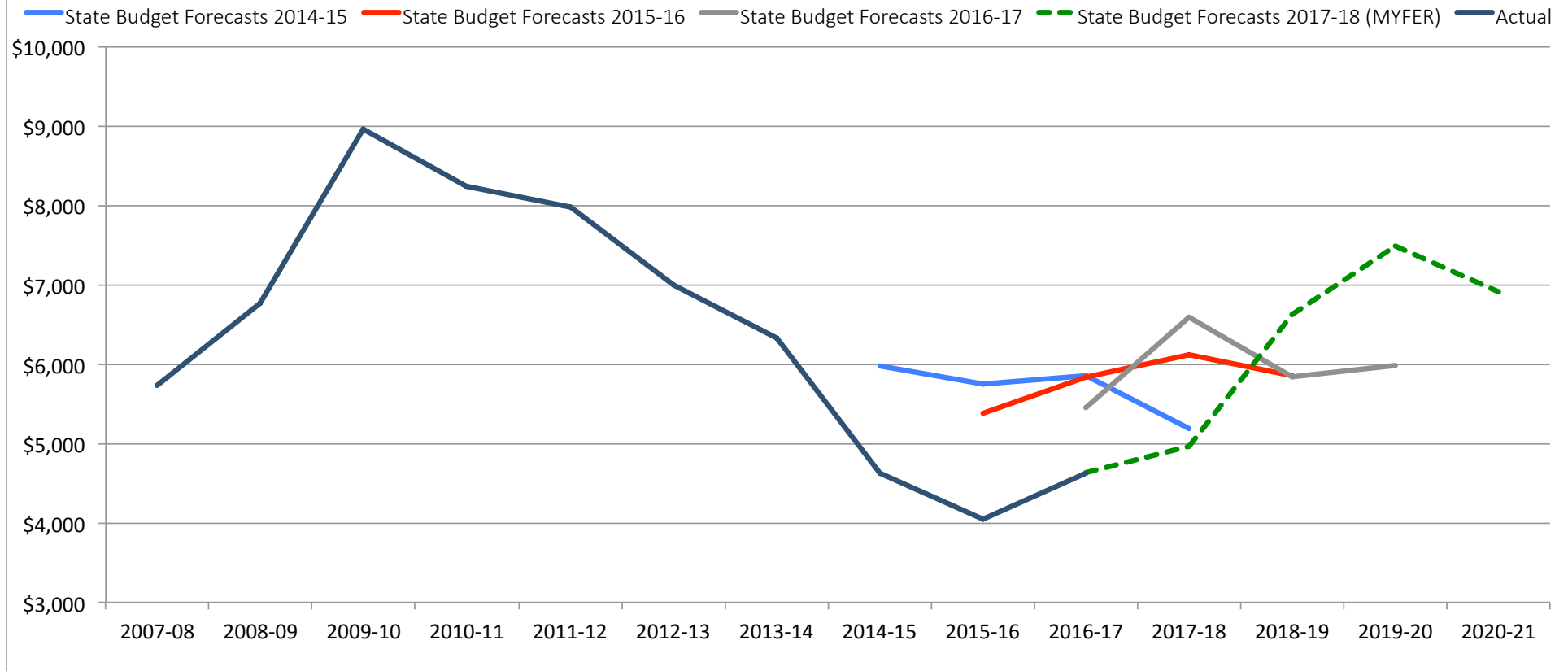
- In each of the financial years 2014-15, 2015-16 and 2016-17 the Queensland Public Sector has underspent in capital purchases compared to its respective year's Budget allocation.
- In 2014-15 that underspend was \$1,590 million, in 2015-16: \$1,722 million and in 2016-17: \$959 million. Cumulatively Queensland Public Sector underspend has amounted to \$4,271 million across the period.
- The percentage of budgeted amount actually delivered in 2014-15 was 83.16%, in 2015-16: 79.9% and in 2016-17: 88.4%. The average across this period was 83.7%.

Queensland Government and GOC Capital Purchases – Budget Forecast vs Actual

(Millions \$)														
General Government	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
State Budget Forecasts 2014-15								\$ 5,972	\$ 5,748	\$ 5,850	\$ 5,188			
State Budget Forecasts 2015-16								\$ 5,374	\$ 5,832	\$ 6,125	\$ 5,851			
State Budget Forecasts 2016-17									\$ 5,452	\$ 6,590	\$ 5,840	\$ 5,983		
State Budget Forecasts 2017-18 (MYFER)										\$ 4,965	\$ 6,626	\$ 7,486	\$ 6,910	
Actual	\$ 5,725	\$ 6,772	\$ 8,959	\$ 8,237	\$ 7,971	\$ 7,001	\$ 6,323	\$ 4,635	\$ 4,044	\$ 4,634				
Difference between forecast & actual								\$ 1,337	\$ 1,330	\$ 818				
% of budgeted amount actually delivered								77.6	75.3	85.0				
GOC														
State Budget Forecasts 2014-15								\$ 3,429	\$ 3,949	\$ 3,735	\$ 3,691			
State Budget Forecasts 2015-16									\$ 3,200	\$ 3,168	\$ 2,923	\$ 2,889		
State Budget Forecasts 2016-17										\$ 2,812	\$ 2,863	\$ 2,848	\$ 2,854	
State Budget Forecasts 2017-18 (MYFER)											\$ 2,973	\$ 3,193	\$ 3,052	\$ 2,983
Actual	\$ 8,251	\$ 8,329	\$ 6,048	\$ 5,069	\$ 4,009	\$ 3,773	\$ 2,990	\$ 3,176	\$ 2,808	\$ 2,671				
Difference between forecast & actual								\$ 253	\$ 392	\$ 141				
% of budgeted amount actually delivered								92.6	87.8	95.0				
Total (General Government plus GOC)														
State Budget Forecasts 2014-15								\$ 9,401	\$ 9,697	\$ 9,585	\$ 8,879			
State Budget Forecasts 2015-16								\$ 8,574	\$ 9,000	\$ 9,048	\$ 8,740			
State Budget Forecasts 2016-17									\$ 8,264	\$ 9,453	\$ 8,688	\$ 8,837		
State Budget Forecasts 2017-18 (MYFER)										\$ 7,938	\$ 9,819	\$ 10,538	\$ 9,893	
Actual	\$ 13,976	\$ 15,101	\$ 15,007	\$ 13,306	\$ 11,980	\$ 10,774	\$ 9,313	\$ 7,811	\$ 6,852	\$ 7,305				
Difference between forecast & actual								\$ 1,590	\$ 1,722	\$ 959				
% of budgeted amount actually delivered								83.1	79.9	88.4				
Source: Queensland Budget Paper No.2 & MYFER														

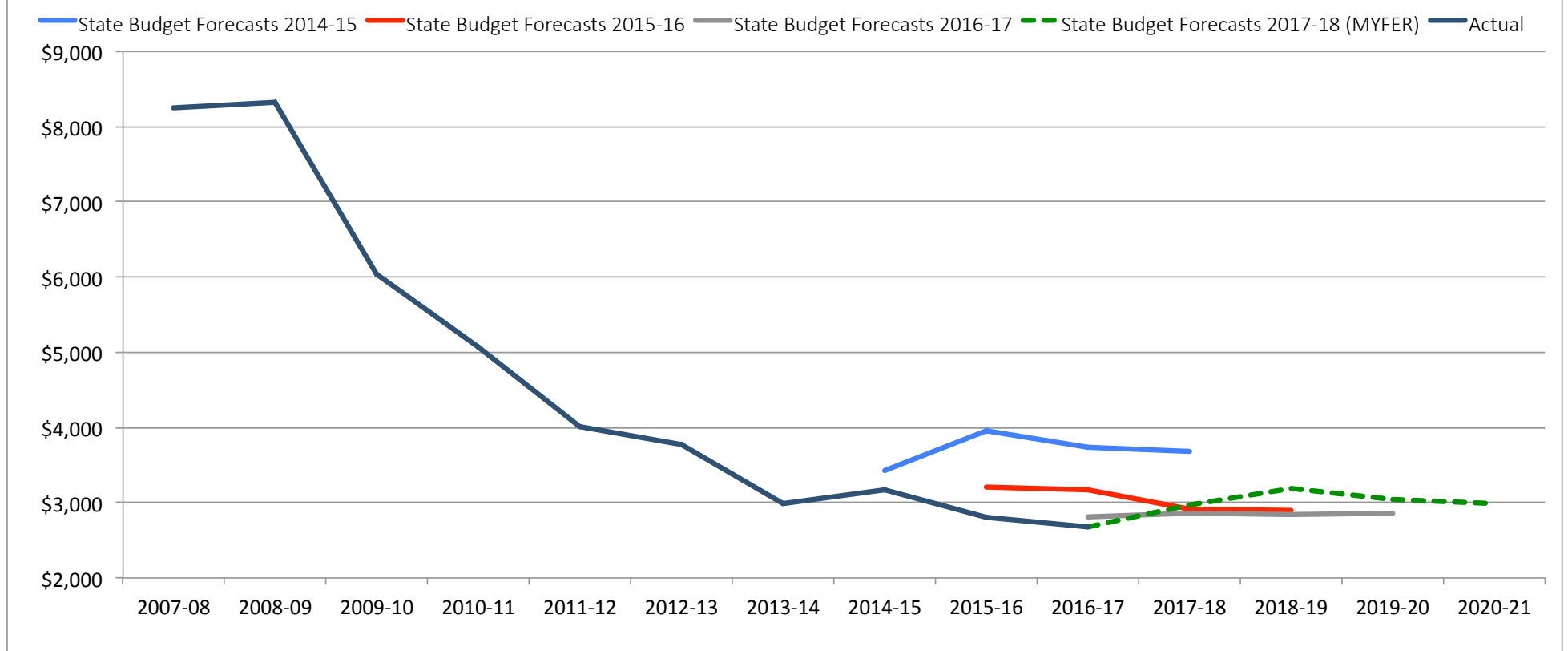


Queensland Government Capital Purchases (\$ millions) Budget Forecasts vs Actuals



Source: Queensland Budget Paper No. 2 & MYFER

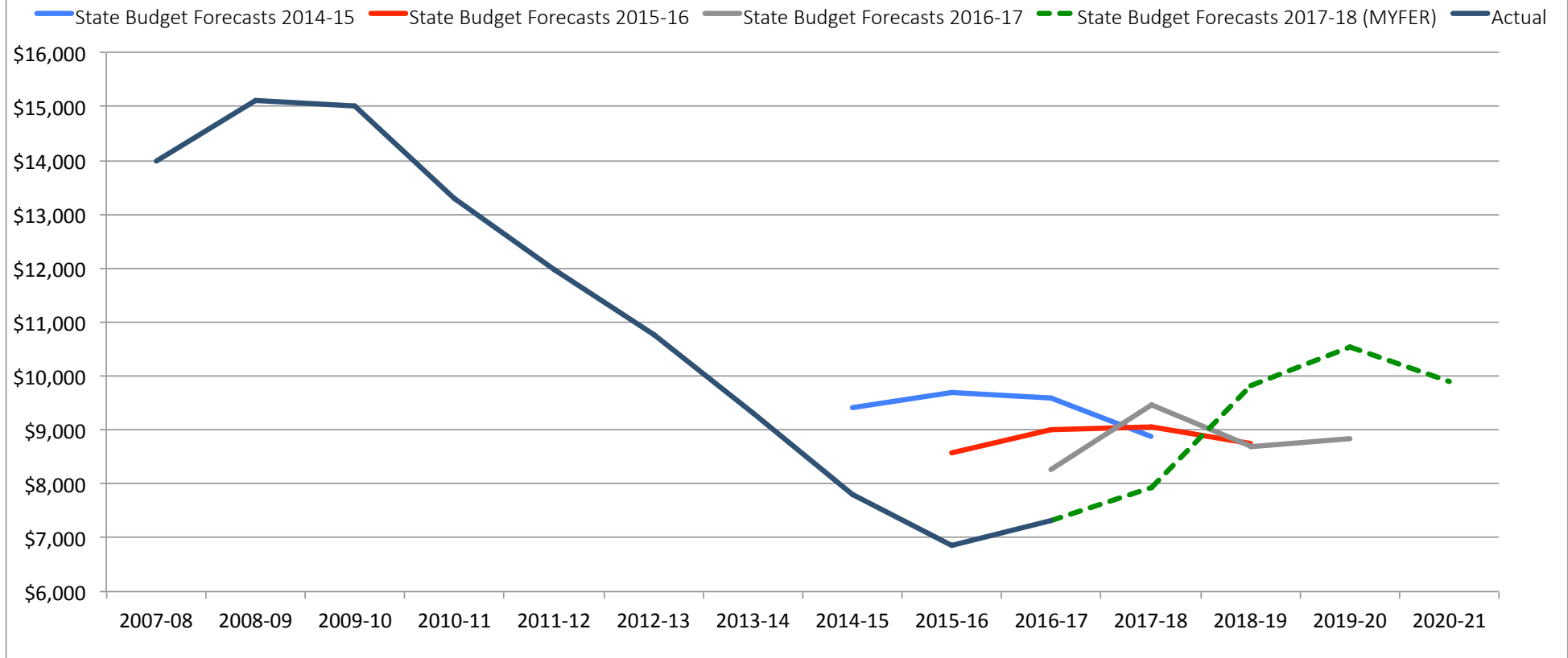
Queensland GOC Capital Purchases (\$ million) Forecasts vs Actuals



Source: Queensland Budget Paper No. 2 & MYFER



Queensland Government and GOC Capital Purchases (\$ millions) Budget Forecasts vs Actuals



Source: Queensland Budget Paper No. 2 & MYFER