

# **QUEENSLAND**

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## **APPROPRIATION BILL 2000**

(Second Reading Speech, 18 July 2000)

### **TREASURER**

The Honourable David Hamill, MLA,  
BA (Hons), MA (Oxon), MAICD, FCIT,  
Treasurer



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Mr Speaker, I move that the Bill now be read a second time.

It gives me great pleasure to present this, the Beattie Government's third Budget and Queensland's first Budget of the new millennium.

This Budget not only gives effect to the policy commitments we made before the last election, but it is a blueprint for the vision of the Queensland that we are shaping for the 21st century.

This government was elected to restore decency and accountability to public life in Queensland.

This government was elected to deliver jobs and quality services to the people of Queensland.

This government was elected to provide leadership and sound economic management.

This Budget delivers on all these counts and more.

This Budget is built around a vision for Queensland: of a dynamic and progressive State; a Queensland of strong and vibrant regions; of communities that are prosperous, secure and inclusive; of people who are confident about their future, who feel included, who have opportunities and skills to participate fully in the economic and cultural life of the rapidly changing society in which we live.

The vision is of a caring and supportive community, of a society in which the contribution of its members is valued. This Budget embodies that vision, because the primary focus of this Budget is the people of Queensland.

Whether it is our commitment to putting families first, or our determination to provide jobs in the Smart State, or to break the unemployment cycle - the focus is clear and unequivocal: it is a focus on our people. This is a Budget for people.

This Budget delivers on our key policy priorities.

It fosters continued strong economic growth for the State and its regions.

It promotes stability and security for Queenslanders.

It delivers for our children through its commitment to education.

It delivers for the health of Queenslanders through its significant increases in health expenditure.

It delivers for Queensland families by providing jobs and support for Queenslanders.

And importantly, it does all these things by managing responsibly and living within our means.

## **CHARTER OF SOCIAL AND FISCAL RESPONSIBILITY**

Fiscal responsibility and sound economic management is not an end in itself but a means to an end.

This is clearly demonstrated in our Charter of Social and Fiscal Responsibility which was tabled in the Parliament last year. The Charter highlights the relationship between the key policy priorities of the government and the fiscal strategies essential to their delivery within a framework of public accountability.

It details the Government's social objectives through our seven key policy priorities and the delivery of these priorities remains the focus of this Budget:

- Creating more jobs for Queenslanders;
- Skilling Queensland – the Smart State;
- Building Queensland's regions;
- Safer and more supportive communities;
- Fostering a better quality of life;
- Valuing the environment; and
- Strong and stable Government leadership.

Delivering on these commitments is the cornerstone of the Budget during the coming year. We will report publicly on our performance against each of those objectives, commencing with the 1999-2000 Outcomes Report to Parliament later this year.

## **GOVERNMENT FINANCES**

As I have stated, the Charter of Social and Fiscal Responsibility clearly articulates our fiscal principles – principles that are the envy of every other Government in this nation.

They are:

1. The Government will maintain Queensland's competitive tax environment.
2. The Government will ensure that its level of service provision is sustainable by maintaining an overall General Government operating surplus, as measured in Government Finance Statistics terms.
3. That borrowings or other financial arrangements will only be undertaken for capital investments and only where these can be serviced within the operating surplus, consistent with maintaining a AAA credit rating.
4. That the State's financial assets cover all accruing and expected future liabilities of the General Government sector.
5. That we will at least maintain and seek to increase Total State Net Worth.

Mr Speaker, this Budget delivers on all five principles.

The Budget provides for a net operating surplus (in GFS terms) of \$29 million, but it is not just in 2000-01 that we will run an operating surplus.

Each year of the forward estimates projects an operating surplus. Moreover, we also will maintain a cash surplus in the General Government sector for this year and subsequent years.

In aggregate, General Government expenses will increase by 4.5% to \$18.15 billion, reflecting significant boosts to funding in the key service delivery areas of health, education, law and order and family services.

Total State net worth is forecast to increase by 1.4% to \$57.8 billion by 30 June 2001. This is \$16,028 per person, some 40% above the average for Australia.

In aggregate, General Government revenue is expected to increase by 4.4% to \$18.18 billion largely due to increases in Commonwealth payments offset by a decline in the State's own source revenue as the State makes "tax room" for the introduction of the GST in respect of gambling taxes.

Mr Speaker, by adhering to the fiscal principles of the Charter and by keeping a firm rein on the growth in expenditure, this Budget will reaffirm the Beattie Government's reputation for sound economic and financial management.

It will ensure the maintenance of Queensland's AAA credit rating.

Indeed, over the past year, the report cards from the credit rating agencies roundly applauded the performance of the Government.

Most recently, in April, Fitch IBCA concluded that: "Queensland's prudent fiscal management has placed it in a strong financial position. The combination of the Government's strong commitment towards fiscal discipline and the prospects for continuing economic growth are expected to perpetuate these sound financial performances."

Moody's Investors Service also concluded that "Financial management policies followed by the new Government have left Queensland in a position of unparalleled strength among the Australian States".

## **ECONOMIC OUTLOOK**

The Queensland economy continued to prosper in 1999-2000, with estimated growth of 4¼%. Following two years where domestic demand provided the main contribution to expanding Gross State Product (GSP), 1999-2000 saw some recovery in external demand.

Despite a strengthening international outlook over the next twelve months, the combination of rising interest rates and the impact of the GST will dampen domestic demand with the result that growth in GSP is expected to moderate in 2000-01 to 3¾% in line with national trends.

The main components of this growth are household consumption and a positive contribution from net exports for the first time in three years.

Solid employment growth is expected to be sustained, with forecast growth of 2%. However, growth in the labour force, accompanied by continuing high labour force participation rates in an environment of moderating growth is expected to cause the average unemployment rate to remain at 8% in 2000-01.

The depreciation of the Australian dollar against most major currencies, and in particular the US dollar, has supported returns to the State's commodity exporters in 1999-2000. The maintenance of the current relatively low Australian dollar exchange rate in 2000-01 should continue to underpin commodity prices in Australian dollar terms.

This is despite the likelihood that the world prices of Queensland's major commodity exports are expected to remain subdued this year. While world coal prices are expected to remain low, sugar and wool prices are anticipated to recover somewhat on the back of stronger world demand and some reduction in supply.



Mr Speaker, the introduction of the GST is expected to have a significant one-off impact on prices and inflation, disrupting the generally low inflationary environment Queensland has enjoyed in recent years. Headline inflation – that is inflation including GST impacts – is expected to average 5¼% in 2000-01, although the underlying rate of inflation is forecast to be 2¼%.

### **CREATING MORE JOBS FOR QUEENSLANDERS**

At the very heart of this Budget, indeed the core commitment of every member of this Government is our fundamental goal of jobs. Jobs, whether they be in cities, towns or remote regions of the State. Job opportunities for Queenslanders.

Over the twelve months to June 2000, almost 39,000 jobs have been created in Queensland.

When we came to office, the State's unemployment rate was 8.7%. It now is at its lowest level for the last 10 years. Since we assumed Government in June 1998 there have been over 82,000 new jobs created in Queensland. That's an average of 3,500 new jobs every month or over 100 jobs a day.

Despite these achievements, there is no room for complacency. In this Budget, we renew our determination to break the cycle of unemployment which denies individuals and families full access to the economic and social life of the community.

We have allocated \$90.1 million in 2000-01 and new funding of \$80 million in 2002-03 to extend the initial four year \$283 million *Breaking the Unemployment Cycle* initiative for a further year. This initiative will create an additional 10,850 training and employment opportunities in 2000-01 through major funding initiatives, such as:

- the \$43 million which will create 2,400 public sector traineeships and continue funding for 570 apprenticeship places created between 1998 and 2000;

- the \$6 million to assist employment of 3,000 new private sector apprentices and trainees in skill shortage areas;
- the \$23.5 million for the Community Jobs Plan and Community Employment Assistance programs which assist the long-term unemployed, and in particular, disadvantaged youth, young offenders, the mature aged and indigenous persons;
- the 10% training rule on Government public works which will generate up to an additional 800 training opportunities over three years; and
- the creation through the Housing Industry Trade Training program of up to an additional 200 training opportunities.

The Government's capital works program is an integral element of our jobs strategy. In 2000-01 net capital expenditure, including that by Public Trading Enterprises, is estimated to be \$5.3 billion. This capital program will support some 61,034 jobs, most of them ongoing and many of them in rural and regional Queensland.

Queensland continues to be the growth State in terms of capital expenditure, with per capita public sector capital spending being \$1,056 for 2000-01, some 45% more than the Australian average. In fact, over the last two years, the Queensland Government has been responsible for 33% of total public sector capital spending in Australia – even greater than NSW, notwithstanding its Olympic-related spending.

### **SKILLING QUEENSLAND – THE SMART STATE**

Mr Speaker, last year's Budget laid the foundations for Queensland's development as the biotechnology hub of the Asia Pacific Region by providing initial funding for our \$270 million, ten year plan for investment in bioindustries.

With an allocation of \$15 million, this Budget continues to support the development of these Smart State industries and jobs. Highlights of this investment include:

- \$6.7 million for the construction of the \$100 million Institute of Molecular Bioscience at the University of Queensland;
- \$3.3 million for the construction of the \$13 million Centre for Biomolecular Research and Drug Discovery at Griffith University's Gold Coast campus; and
- \$5 million this year, and \$20 million over four years for development of the comprehensive Cancer Research Centre at the Queensland Institute of Medical Research.

There is also an additional \$1.6 million for the establishment of a Queensland Biotechnology Innovation Fund and a pro-active communications program to support investment and growth in the bioindustries sector.

Strategic research is the key driver of these knowledge-based industries and the thousands of jobs which will flow to Queenslanders. That is why we have moved to further enhance our State's leading edge education and research infrastructure, by supporting research initiatives of strategic importance to Queensland.

The Budget provides \$2.5 million over five years to undertake a program of collaborative research and educational projects in partnership with the world famous Smithsonian Institute – building on the Memorandum of Understanding signed in March.

The Budget also provides a framework for the development of smart industries which can capitalise on Queensland's world class capability for research and technology development. \$28 million has been allocated to industry assistance, including:

- \$3.9 million for Cooperative Research Centres located in Queensland;
- \$12.2 million for targeted industry grants to assist the growth of small to medium sized businesses and promote innovation; and
- \$12.3 million towards the \$20 million plan to increase value adding in the meat processing industry.

In February, we launched our *Innovation Strategy*, making it clear that we would work in partnership with industry to encourage Queensland companies to pursue research and development and get the products of that research into commercial production.

We also have established the Queensland Innovation Council to investigate ways of using technology and innovative strategies to make our traditional industries such as mining and agriculture more efficient.

The IT&T Industry is one of Queensland's fastest growing sectors. It is now the fourth largest industry in the State. Queensland is in a strong position to continue to grow its IT&T sector and is rapidly developing a reputation among analysts as an IT&T headquarters for Australia.

Through this Budget, we are investing in the infrastructure and the State's skill base for the Smart State, by providing:

- an additional \$10.3 million over four years to develop the State's IT&T Industry;
- \$5.5 million as part of the \$10 million three year program to enhance super computing facilities at the University of Queensland;

- \$1 million for Queensland's world class Enterprise Distributed Systems; and
- \$1 million to establish QUT's Creative Industries and Design Precinct, facilitating partnerships between industry and the University in information technology, multimedia and communication.

Technology not only provides opportunities to increase the competitive performance of the private sector. By adopting a culture of innovation, the Government can apply new technologies to enhance the delivery of its services.

To that end, we are allocating an additional \$3.3 million for the development of the Department of State Development's online business capability and delivery of initiatives to support an increased uptake of e-commerce by Queensland businesses.

Nowhere is this Government's determination to create the Smart State more apparent than in our commitment to our children's education and the take-up of information technology within the classroom.

An additional \$9 million is provided for Education Queensland's *Networked Learning Communities* initiative allowing for the continuation and improvement of information and communication technology services in state schools in online content and delivery, as well as IT installation, training and support.

With this Budget, we continue to exceed our promises to the people of Queensland. We promised Queenslanders we would achieve a ratio of one computer to every 7.5 students by 2001. I am pleased to advise that target already has been met and we are setting new goals. We aim to achieve one computer for every five students, with this target to be achieved in secondary schools in 2001-02 and for Years 3 to 7 by 2003-04. \$5 million will be allocated this year as part of the four year \$40 million program introduced in last year's Budget to enhance learning outcomes through information technology.

The State's international competitiveness and the security of jobs it offers rely on the training and skills of its workforce. Through the Department of Employment, Training and Industrial Relations, the Government will provide \$450 million for Queensland's vocational education and training programs, an increase of 3% on last year's funding.

### **BUILDING QUEENSLAND'S REGIONS**

Mr Speaker, this is a Budget for all Queenslanders.

Consistent with the fact that the majority of our population lives outside the capital city, 64% of this year's capital expenditure will be undertaken outside the Brisbane region.

In order to strengthen our regions, this year \$443 million has been allocated to local Government grant and subsidy programs. This includes a further \$16 million over four years for the Rural Living Infrastructure Program which assists local governments to deliver infrastructure such as recreational, tourist and community facilities in smaller communities throughout Queensland.

We also will proceed with a range of other initiatives to support rural and regional communities, including:

- \$19 million to continue community-based natural resource management programs;

- \$11.5 million for the Rural Water Use Efficiency program;
- \$4 million in State funding to be matched by the Commonwealth, for regional communities to implement flood mitigation measures.
- \$3 million to facilitate the Government's buyback of water allocations in the St George area to improve the reliability of the region's water supply; and
- an additional \$1.3 million per annum for the implementation of existing regional planning frameworks and the ongoing review of existing regional plans.

The \$87 million Queensland Heritage Trails Network, which is a joint State and Commonwealth project, will be allocated \$28 million in 2000-01. The Heritage Trails Network will strengthen the economic base of rural and regional areas by supporting cultural tourism as well as providing a lasting contribution to the celebration of the Centenary of Federation.

Other regional infrastructure projects funded in this Budget include:

- \$3 million to commence construction of a \$15 million office building in Cairns;
- \$15.9 million for the upgrade of Information Technology systems, investment in training equipment, and minor capital works undertaken in TAFE Queensland's regional centres;
- \$4 million for the \$8.6 million upgrade of the Rockhampton Police District Headquarters;
- \$2.5 million to commence the construction of a replacement District Headquarters and Watchhouse in Mount Isa;
- \$23.8 million for the Cairns Hospital Redevelopment; and
- \$71.5 million for the Townsville Hospital Redevelopment.

It is also worth noting that 57% of the \$5.3 billion five year Roads Implementation Plan will be spent outside the South East corner of the State.

Mr Speaker, for too long, Queenslanders in regional areas have been deprived of access to world class arts events and exhibitions.

As part of this Government's commitment to the arts for the benefit of all Queenslanders, \$15 million is provided over five years, including \$3.5 million this year, for regional arts infrastructure initiatives.

This will nurture regional art and attract national and international class exhibitions and events to regional centres.

#### **SAFER AND MORE SUPPORTIVE COMMUNITIES**

This is a Budget for people and our *Putting Families First* initiative is about ensuring that our people live in safe and supportive communities. This Budget pursues this objective by providing \$133.6 million over four years, including \$34.5 million this year, for a range of initiatives, including:

- \$7.8 million over four years, for implementation of DNA testing for criminal investigations;
- \$2.5 million over four years for an extension to the community visiting arrangements program for children and young people; and
- \$2 million over four years with \$500,000 in 2000-01 to subsidise the staffing and operating costs of community-based neighbourhood centres in disadvantaged communities.

Mr Speaker, this Government's commitment to our children and the youth of Queensland is clear and unequivocal.

We are implementing the recommendations of the Forde Inquiry and we are expanding the role of the Children's Commission.



In last year's Budget, it was announced that an additional \$20 million would be provided in 2000-01 to respond to the recommendations, of the Forde Inquiry. This Budget not only honours that promise but goes further with a total allocation of \$25 million to continue the implementation of Forde Inquiry recommendations, including the recruitment of a further 50 frontline child protection officers, in addition to the 77 frontline and 15 support staff recruited last year.

Reconciling past injustices suffered by the indigenous communities of the State is a crucial element of this Government's policy agenda. Through this Budget, we continue the provision of funds for compensation payments to those indigenous Queenslanders who suffered discrimination as a result of the non-payment of award wages by the Queensland Government between 1975 and 1986.

The Community Renewal program is a key component of this Government's Crime Prevention Strategy and through that program we assist local communities to address their social and economic needs by promoting a safe environment for individuals and families.

This Budget allocates \$21.3 million to the Community Renewal Program for ongoing work in twelve communities, as well as providing an additional \$1 million to extend the Program to the Palm Island Community.

By providing an additional \$20.6 million, this Budget meets the increasing demand for emergency services, by employing an additional 44 ambulance staff, and funding the construction of 10 new ambulance and fire stations as well as upgrading existing facilities.

As part of our long term plan to boost police staffing numbers, the Budget provides for the employment of an additional 357 officers. This represents a 9.7% increase in police numbers since the Beattie Government took office. In addition, a further \$6 million will be provided in 2000-01 to allow the Queensland Police Service to enhance security and support services in association with the Olympic Games torch relay, pre-Games training within Queensland and the Olympic Football to be held in Brisbane.

## **FOSTERING A BETTER QUALITY OF LIFE**

Mr Speaker, this Budget delivers on the Government's priority of "A Better Quality of Life for all Queenslanders" by ensuring that there is increased social investment in the areas of education, health, family and community services.

Indeed this Budget allocates over \$300 million over 4 years to various initiatives which underscore our commitment to families. Through *Putting Families First*, this Government recognises that supportive families are of critical significance for the future of our society.

By *Putting Families First*, we can improve the health and well-being of Queensland families by:

- improving opportunities for our children;
- supporting families as the primary nurturing environment; and
- ensuring that families live in safe and supportive communities.

In addition to the range of initiatives aimed at ensuring that families live in safe and supportive communities detailed previously, this Budget provides:

- \$4.4 million for community-based services providing prevention, early intervention, family support and placement services;

- \$2.9 million to ensure that Queensland Government concessions, for example rates, electricity and rail travel are sustained for eligible pensioners, including new eligible pensioners following the Federal Government's tax reforms;
- an additional \$6.1 million over three years, with \$1.1 million in 2000-01, for the expansion of Aboriginal and Torres Strait Islander child and family welfare services; and
- \$800,000 over two years to pilot a number of one-stop community service centres throughout the State.

Queensland has a sorry history of neglect in the area of disability services. In our first Budget, we honoured our election commitment by providing an additional \$30 million per annum, or \$100 million over three years to address unmet needs in this area.

Not only does this Budget deliver on the final instalment of that commitment, but through this Budget, we exceed that election promise.

This Budget provides an additional \$9 million, rising to \$18 million in 2001-02, to support people with disabilities, their carers and families, and the community. Together with additional funding from the Commonwealth Government, the delivery of enhanced disability services over the coming year will include:

- \$12.4 million for additional Adult Lifestyle Support Packages with particular emphasis being placed on people with a disability who have ageing carers, or who live in rural, remote or indigenous communities;
- \$4.1 million to enhance services which support children with a disability and their families; and
- \$1.6 million to implement community infrastructure projects to enable the community sector to improve service delivery and achieve better outcomes for clients.

Our Government recognises the invaluable services charitable and non-profit organisations provide to the Queensland community, and we have shared their concern that the Federal Government's GST places an onerous burden on their activities. To offset the harsh impact of the GST, all State Government grants paid to GST registered charities and not for profit organisations are being increased by a full 10%, and we will not try to claw back the embedded tax savings which the Federal Government has taken already from its payments to the States.

The impact of our policy will be an effective funding increase to not for profit and community welfare organisations of about 2%.

In addition, foster care allowances have been increased by 4% from 1 July 2000 to offset the impact of the GST on the costs incurred by volunteer care providers in caring for abused children and those at risk.

Education remains a key priority of this Government and this year's Education Budget provides for net operating expenditure of \$3.4 billion.

Of this, \$186 million will be spent on Education capital works, including \$61.2 million on school renewal to fund replacement and enhanced learning facilities at existing schools.

Commencing in this year's Budget, an additional \$16.3 million per annum will be provided to enhance the provision of services to students with disabilities with a further \$1.2 million allocated for school transport services for students with disabilities.

In 2000-01, Queensland Health has a Total Estimated Operating Budget of \$3.8 billion, an increase of 3.4% over last year's expenditure.

Major health expenditure commitments for this year comprise:

- \$1.9 billion on acute inpatient services, with a further \$898.5 million for community health and non inpatient services;

- mental health funding of \$363.6 million, including \$9.3 million for an expansion of adult acute and community mental health services throughout the State;
- \$192.5 million on Public Health Services, including programs such as breast and cervical screening services and implementation of the Tobacco Action Plan; and
- \$32 million in capital grants to organisations including the Mater Hospital and the Queensland Institute of Medical Research.

Fundamental to ensuring a better quality of life for Queenslanders, is the provision of safe, secure and affordable housing to those in need. This Budget continues to deliver on much needed investment in public housing.

During this year, \$166.4 million of public housing capital works will be undertaken throughout the State, including:

- \$87.9 million for public housing construction, including the commencement of 500 new public rental housing dwellings and the completion of a further 580 public housing dwellings; and
- a \$78.5 million upgrade program for public housing including kitchen, bathroom and security upgrades.

In addition, \$23.3 million is provided for Aboriginal and Torres Strait Islander housing, including the construction of 85 new dwellings, the upgrading of 150 existing houses and continuation of a major redevelopment and expansion of housing on Thursday Island.

\$41.4 million will be allocated in 2000-01 for capital grants to Aboriginal and Torres Strait Islander Councils for the construction of new dwellings and major upgrades to existing dwellings.

### **VALUING THE ENVIRONMENT**

Mr Speaker, the Beattie Government places a high priority on the development and preservation of the precious asset that is our environment.

The Environmental Protection Agency will have a Total Operating Budget in 2000-01 of \$238.5 million, an increase of 5.9%. The Agency also will undertake aggregate capital expenditure of \$29.8 million, more than doubling the level of capital outlays of the previous year.

This Budget also includes an additional \$21.7 million over four years, for the maintenance, refurbishment and enhancement of the State's National Parks infrastructure.

The Beattie Government is committed to putting in place a vegetation management framework which is consistent with the principles of ecologically sustainable development.

Additional funding of \$31.9 million is allocated over four years through the EPA and the Department of Natural Resources to put in place a development approvals system, developed in consultation with local communities' regional vegetation management plans and to accelerate the State's vegetation mapping program.

Vegetation management is a major environmental initiative of national importance and it is disappointing that to date the Commonwealth Government has failed to provide any financial assistance to facilitate the implementation of a new management framework.

Mr Speaker, this Government has demonstrated that long-term job creation and native forest protection can go hand in hand. The historic South East Queensland Regional Forestry Agreement signed last year is a major achievement for the community and the environment. This Agreement is a landmark in the management of the State's Crown native forest resources which will both protect the South East region's biodiversity and provide long-term resource security for the timber industry.

To implement the Agreement, \$81 million will be provided over five years, including \$31.6 million in 2000-01, to:

- improve forest estate management services on State forests that have been withdrawn from timber harvesting and placed in a new interim conservation tenure;
- establish hardwood plantations with associated research and development;
- develop a sustainable and internationally competitive timber industry; and
- provide assistance to timber industry workers affected by the Agreement.

The 2000-01 Budget also provides \$50 million over five years to implement initiatives contained in the *Queensland Energy Policy – A Cleaner Energy Strategy* and to support renewable and innovative energy technologies, and to reduce greenhouse gas emissions.

## **PROMOTING STRONG AND STABLE GOVERNMENT LEADERSHIP**

Mr Speaker, the Beattie Government is providing the people of this State with a strong, stable and accountable Government.

I am pleased to announce that during 1999-2000, we met our commitments to the Charter of Social and Fiscal Responsibility by producing an estimated net operating surplus (in GFS terms) of \$40 million, and increased State Net Worth on an underlying basis.

This Budget further entrenches our commitment to the Charter, by delivering on our financial targets not only in 2000-01, but throughout the forward estimates period.

While rising interest rates and the impact of the GST is having a negative impact on the investment decisions and confidence of many small businesses, the policy settings of the Beattie Government has encouraged increasing levels of participation by the private sector in the provision of major public infrastructure.

Some of the more significant projects involving private sector participation include:

- Gold Coast Convention and Exhibition Centre, where the Queensland Government will invest \$102 million in what is a partnership with the private sector;
- CS Energy's \$824.4 million Callide C power station joint venture of which the private sector will provide half;
- the \$250 million CS Energy's Swanbank E power station of which up to 40% may be provided by the private sector;
- Intergen's \$1.4 billion Millmerran power station, a wholly private sector investment; and



- the \$200 million Airport Rail Link, again another fully privately funded and operated project.

The Beattie Government is committed to fostering the involvement of the private sector in infrastructure projects, where value can be added by the private sector to the delivery of services, through the efficient delivery of the required infrastructure.

Consistent with this objective, the Government will be seeking private sector involvement in the provision of port infrastructure at the Dalrymple Bay Coal Terminal.

This Government is strengthening the operations of those agencies which contribute to the openness, accountability and integrity of government operations. This Budget continues to enhance the operation of these agencies by providing:

- \$2.2 million to the Offices of the Parliamentary Commissioner for Administrative Investigations and the Information Commissioner to address the increased demand for services and reduce the backlog of complaints and appeals; and
- \$800,000 to continue a four year initiative to allow the Queensland Audit Office to implement enhanced management information systems and automated workflow systems.

## **REVENUE MEASURES**

The Beattie Government has continued its responsible revenue policies in this Budget.

While the “pull forward” and “pull back” impacts of national tax reform have added uncertainty to the climate for State revenues in 2000-01, particularly in relation to Conveyance Duty and Stamp Duty on motor vehicles, in other areas of state revenue raisings the position is clear and unequivocal.

Land tax payers will continue to benefit from this Government's 15% land tax rebate arrangements.

Business will enjoy the benefits flowing from reforms to stamp duty. These include the abolition of marketable securities duty from 1 July 2001 and other reforms which will reduce compliance costs by streamlining administration and aligning the law with current business practices. In particular, improved arrangements for mortgage duty will produce real savings for Queensland business.

Mr Speaker, the Budget contains no new taxes or increases in taxes. Indeed, I can confirm that consistent with the Government's commitment, the payroll tax rate was reduced from 5.0% to 4.9% from 1 July 2000, and it will reduce further to 4.8% from 1 July 2001 – by far the lowest rate in the country.

In practical terms, this means a Queensland business with an annual payroll of \$10 million will pay \$200,000 per annum less in payroll tax than a comparable company in New South Wales and around \$50,000 per annum less than a comparable company in Victoria.

Most significantly from a revenue perspective, the 2000-01 Budget marks a major change in the financial arrangements between Queensland and the Commonwealth.

Commonwealth Financial Assistance Grants have ceased, as have the so-called safety net arrangements payments in respect of petrol, tobacco and liquor. These Commonwealth payments now are replaced by a share of GST revenues.

Contrary to widespread expectations, Queensland is not expected to derive any general net revenue benefit from the changes to Commonwealth State financial arrangements until 2002-03 at the earliest. Even then, projected benefits well may turn out to be illusory. The Commonwealth has made some assumptions regarding the impact of the GST on the economy which may yet prove unfounded.

Even if the outyear benefits in terms of GST revenue growth were to materialise, the Commonwealth has a long history of giving with one hand, and taking with the other.

Regrettably, Queensland's recent dealings with the Commonwealth over matters such as the Health Care Agreement and the Regional Forest Agreement do not inspire a great deal of confidence that we will see much of a benefit from the new tax system as the Commonwealth may, over time, erode the value of Specific Purpose Payments to the States.

Moreover, Queensland's tax competitiveness is being undermined, through the insistence of the Commonwealth that Queensland pay for the abolition in other States of taxes that are not even levied in Queensland, specifically Financial Institutions Duty and Bed Taxes.

Mr Speaker, the Commonwealth Government has continued to promote the GST reform package as a major financial boon to the States. Because of the way they have structured the payment arrangements, however, it is the Commonwealth and not the States that stand out as the winners from GST revenue growth over the next few years.

Queensland, and indeed all the States and Territories, is in a no win situation. If GST revenues are greater than Commonwealth estimates, the Commonwealth will simply reduce the States' budget balancing assistance payments by a corresponding amount and pocket the difference. Moreover, the Commonwealth will use any of Queensland's share in excess of its guaranteed minimum amount to pay the other States.

Only if GST revenues are underestimated by more than 11% would Queensland stand to benefit from an increased share of the GST revenue. If the GST revenues are less than forecast, the Commonwealth will be required under the Inter Governmental Agreement to provide increased Budget balancing assistance payments to the States.

Notwithstanding the activities of the Commonwealth, this Government is fundamentally committed to maintaining Queensland's competitive tax system. We are delivering this through the announced reductions in payroll tax and maintaining the lead in Australia in sustainable tax competition.

## **NATIONAL REFORM ISSUES**

Mr Speaker, the Beattie Government has continued to implement the National Competition Policy (NCP) in a pragmatic and sensible manner, in order to receive our share of Competition Payments from the Commonwealth Government. However, the Queensland Government has serious concerns about the operation of the National Competition Council (NCC).

We will continue to lobby strongly other State and Territory Governments and the Commonwealth Government to rein in the excesses of the NCC and return control of NCP to elected Governments.

We will continue to fight for Queensland's fair and just share of Competition Payments, despite the reluctance of the NCC to fully acknowledge the progress that Queensland has made in implementing NCP reforms, particularly in areas such as water. Like the Local Government sector, we are particularly concerned by the NCC's threat to overturn longstanding arrangements by making water reforms compulsory for all local governments. This hard line approach of the NCC will achieve neither the consensus nor ownership of the reforms which are being sought.

This is in stark contrast to the collaborative approach of the Queensland Government to water reform, as we deliver one of the most fundamental rewrites of the water industry legislation since the early 1900s.

This year we will see a major change in the way rural water services are delivered in Queensland with the creation of SunWater as a fully Government Owned Corporation. By giving SunWater a separate and identifiable image, it will provide the new organisation with the corporate flexibility to find better ways of delivering water services and encourage it to seek new investment opportunities in the water industry.

### **DELIVERING A RESPONSIBLE BUDGET**

Mr Speaker, the key hallmarks of the Beattie Government are embodied in this, our third Budget – vision, leadership and responsibility.

As we embark upon a new millennium, it is these qualities which will secure Queensland's future prosperity and our quality of life.

This Budget provides the vision of a supportive and inclusive community and the practical programs that put families first.

This Budget provides economic and social leadership, by delivering sound economic management, physical infrastructure, quality services and jobs in the smart state.

This is a responsible Budget that is focused on the fundamental strength of Queensland – our people.

It is a Budget that delivers for all Queenslanders. It is a Budget that:

- promotes growth
- creates jobs
- enhances quality of life

Mr Speaker, in short this is a Budget that sets a course for greater prosperity for Queenslanders in the new millennium.

I commend the Bill to the House.

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