

~~They are the hallmark of a government determined to face up and confront our many challenges, as we look far ahead.~~

CONCLUSION

~~Mr Speaker,~~

~~The framework set down by this Budget and the bills I introduce today are the most significant structural reforms to the state's finances since the Second World War.~~

~~Together the bills seek to address the ravages of a global recession not seen since the Great Depression.~~

~~This is a budget that reinforces our determination to build Queensland's future.~~

~~...our determination to build Queensland, to build the roads, the schools, the hospitals that our growing state needs.~~

~~...our determination to create jobs for Queenslanders with our record building program.~~

~~...our determination to keep pace with the essential services needed by a young and growing state with more nurses, more police, more teachers and more frontline workers.~~

~~...our determination to apply fiscal discipline and make the tough decisions to put the states finances on the pathway to surplus.~~

~~...our determination to keep our eye firmly on the future as we deal with the immediate challenges~~

~~This Budget lays the foundation stones for the path that lies ahead.~~

~~Paved with uncertainty, we should indeed we must be optimistic about the fundamental strengths of the ground on which we build.~~

~~We are building here for the future.~~

~~We are building now for the future.~~

~~Building upon our strengths.~~

~~For a time ahead, beyond the current hour, when the path is clearer and our bright future is forever the destination ahead.~~

~~I commend the Bill to the House.~~

~~Debate, on motion of Mr Langbroek, adjourned.~~

INFRASTRUCTURE INVESTMENT (ASSET RESTRUCTURING AND DISPOSAL) BILL

First Reading

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer and Minister for Employment and Economic Development) (3.04 pm): I present a bill for an act to facilitate the restructure and disposal of particular businesses, assets and liabilities of government entities and for a particular purpose. I present the explanatory notes, and I move—

That the bill be now read a first time.

Question put—That the bill be now read a first time.

Motion agreed to.

Bill read a first time.

Tabled paper: Infrastructure Investment (Asset Restructuring and Disposal) Bill.

Tabled paper: Infrastructure Investment (Asset Restructuring and Disposal) Bill, explanatory notes.

Second Reading

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer and Minister for Employment and Economic Development) (3.04 pm): I move—

That the bill be now read a second time.

Queensland's fiscal position has been adversely impacted by the global financial crisis, resulting in a substantial deficit. This deficit position along with the call on Queensland's balance sheet from our building program have put the state's finances under pressure. Corrective action is required to put the state's balance sheet on a more sustainable footing.

Given the present economic climate, the Queensland government has committed to protecting jobs and continuing with a strong infrastructure program in an effort to maintain employment

opportunities and to provide the basis for future growth and job creation. I seek leave to have the remainder of my speech incorporated in *Hansard*.

Leave granted.

However, there are limits to what the State Government alone can do. The State cannot afford to continue to be the principal provider of both commercial infrastructure and public and social infrastructure.

Choices must be made. The Government has chosen to preserve the capital program to support the economy. The Government has chosen to improve the State's balance sheet with our far sighted plan to restructure our holdings and position the State to meet future demands.

The 2009-10 State Budget is focused on supporting the continued delivery of key public infrastructure—schools, hospitals, public transport—and the delivery of public services through these facilities.

In this context, a staged program of asset sales over coming years will play an important role in funding the infrastructure program, reducing State debt and encouraging private sector provision of infrastructure.

The sale of a number of State assets is designed to realise value, reduce risk and/or obviate the need to further fund the significant ongoing capital requirements of these businesses, where the private sector can fund those requirements and, in particular, build Queensland's export capacity.

Among other factors, the staging of the proposed asset sales will be influenced by the timing of the recovery in financial markets which may take 12 months or longer. However, a significant program of asset sales is able to be progressed over the next three to five years, with assets being brought to market at the appropriate time.

The proposed infrastructure assets restructure and sale program involves the following:

- the sale of Forestry Plantations Queensland's (FPQ) business/assets;
- the sale of Queensland Motorways Limited's (QML) business/assets, including the planned Port of Brisbane Motorway upgrade project;
- the sale of the Port of Brisbane Corporation's (POBC) business/assets, but not including the Port of Bundaberg; and
- the sale of Queensland Rail's (QR) above and below rail coal businesses/assets, along with Ports Corporation of Queensland's (PCQ) Abbot Point Coal Terminal.

It is intended that the passenger services business and associated suburban rail network will remain in State ownership. The Bill provides for other assets of QR to be subject to the Bill to facilitate the split out and sale of the coal business. As the government has previously committed, we will investigate the other components of QR's business for possible inclusion where feasible. We will consult with QR and its employees and their representatives throughout this process.

The sales program will comprise the sale of FPQ, POBC and QML's assets and will likely be completed in around two to three years. It is anticipated that FPQ and POBC will be sold first, subject to the conditions of the financial markets.

Also, the sales program will comprise QR's above and below rail coal assets, along with PCQ's Abbot Point Coal Terminal, and QR's other commercial rail services. The restructure and sale of these assets is expected to occur within three to five years.

In relation to employees of the enterprises involved in the asset sales, the government is committed to a fair process which will involve them and their representatives. As has been the case in the past with asset sales, all employees in affected government owned corporations will have the terms and conditions of their current enterprise bargaining agreement honoured for the life of that agreement. As well, employment guarantees for award employees will be put in place for two years beyond the date of sale. Employees transferring to the new businesses will experience no interruption to their continuity of service or accrued entitlements.

The government has moved to establish working parties with trade unions to discuss the detail of transition arrangements and to represent the interests of employees in this process. In terms of employment, the objective of the government is to protect jobs and create viable growing enterprises with the prospect of growth and increasing jobs.

These asset sales could be expected to deliver proceeds in excess of \$15 billion, with all proceeds to be directed to the reduction of State debt, plus an estimated additional \$12 billion in avoided future capital expenditure over the next five years.

In order to facilitate the immediate commencement of the appropriate governance and other arrangements required to support the proposed restructure and sale program, special sale legislation needs to be enacted.

The proposed Bill, the Infrastructure Investment (Asset Restructuring and Disposal) Bill 2009, contains similar generic provisions to those used in other asset sale processes undertaken by the State in recent years. The bill is consistent with the approach adopted in the energy asset sales and the sale of wind farms and the Enertrade gas businesses under the Energy Assets (Restructuring and Disposal) Act 2006 (EARDA) and the sales of the Cairns and Mackay airports and the Port of Brisbane Corporation's interest in the Brisbane Airport through the Airport Assets (Restructuring and Disposal Act) 2008 (AARDA). It shares many parallels with the SEQ Water Restructure.

The proposed Bill is required to facilitate the full implementation of the Government's program of restructuring and divestment within 5 years. The Bill empowers the responsible Minister to facilitate the restructure of the businesses, assets and liabilities of the Government owned entities by the use of powers including the ability to issue transfer notices and project directions.

The Bill also adopts other provisions of the EARDA and AARDA to facilitate due diligence and sale processes, which affect third parties' commercial rights, such as excluding judicial review or obtaining the consent of third parties to the release of confidential information or to the transfer of contracts for the purposes of the restructuring. Given the State's need for certainty, delays could adversely affect the sale process and the interests of taxpayers. This is a significant commercial program and the purchasers of the relevant sale entities and their stakeholders require certainty. The provisions are particularly necessary to avoid the State suffering a significant financial detriment if the divestments were delayed by legal proceedings by persons or corporations seeking to obstruct the sale processes for commercial reasons or otherwise.

In addition, given the very high levels of commercial sensitivity and probity which must be maintained for the restructuring and sales program, it is considered necessary to provide certain exemptions for the project from the operation of the Right to Information Act 2009 which has not yet commenced.

The Government has a successful history of asset sales. As recently as last year (with the final transaction completing early this year), the Government conducted a process for the sale of Government Owned Corporation owned Cairns and Mackay airports and shareholding in the Brisbane International airport. This successful process generated total contracted proceeds of \$1.028 billion and follows previous successful divestments of other Government Owned Corporation businesses. Each of these transactions provided a valuable return for the taxpayer.

It is anticipated that the foreshadowed carefully targeted asset sales will be a major reform to commercial infrastructure provision in Queensland. They have a focus on facilitating future export growth through coordinated port and rail coal chain infrastructure ownership and future expansion and the further development of the Port of Brisbane.

Mr Speaker, I commend the Bill to the House.

Debate, on motion of Mr Nicholls, adjourned.

~~FUEL SUBSIDY REPEAL AND REVENUE AND OTHER LEGISLATION AMENDMENT BILL~~

~~First Reading~~

~~Hon. AP FRASER (Mount Coot-tha ALP) (Treasurer and Minister for Employment and Economic Development) (3.05 pm): I present a bill for an act to amend and repeal the Fuel Subsidy Act 1997 and for related purposes, to make consequential amendments of other acts as stated in the schedule, and to amend the Casino Control Act 1982, Duties Act 2001, First Home Owner Grant Act 2000, Gaming Machine Act 1991, Land Tax Act 1915, Pay roll Tax Act 1971, Revenue and Other Legislation Amendment Act (No. 2) 2008 and Statistical Returns Act 1896 for particular purposes. I present the explanatory notes, and I move —~~

~~That the bill be now read a first time.~~

~~Question put — That the bill be now read a first time.~~

~~Motion agreed to.~~

~~Bill read a first time.~~

~~Tabled paper: Fuel Subsidy Repeal and Revenue and Other Legislation Amendment Bill.~~

~~Tabled paper: Fuel Subsidy Repeal and Revenue and Other Legislation Amendment Bill, explanatory notes.~~

~~Second Reading~~

~~Hon. AP FRASER (Mount Coot-tha ALP) (Treasurer and Minister for Employment and Economic Development) (3.06 pm): I move —~~

~~That the bill be now read a second time.~~

~~As the budget just presented makes clear, in this time of global economic downturn there is a need to preserve our revenues while at the same time take measures to maintain or stimulate employment. This bill contains measures which reduce government expenditure, increase revenues and provide incentives to encourage employment. The Fuel Subsidy Repeal and Revenue and Other Legislation Amendment Bill 2009 implements these measures by repealing the Fuel Subsidy Act 1997 and amending the Duties Act 2001, the First Home Owner Grant Act 2000, the Land Tax Act 1915 and the Pay roll Tax Act 1971, along with making possible the casino tax rate changes which were announced in the 2008-09 major economic statement. Amendments are also being made to the Statistical Returns Act 1896. I seek leave to have the remainder of my speech incorporated in *Hansard*.~~

~~Leave granted.~~

~~Since it was established in 1997 following a High Court decision, the Queensland Fuel Subsidy Scheme has been the subject of two major reviews focused on ensuring that Queensland motorists obtain the full benefit of the subsidy. In 2000, the payment of the retail subsidy was moved from wholesalers to fuel retailers to address concerns with the wholesale model. Changes were also made to the bulk end user scheme. More recently, the Queensland Fuel Subsidy Commission of Inquiry investigated the extent of passing on of the subsidy to Queensland motorists and considered options for improving the effective operation of the Scheme.~~

~~The Inquiry recommended that the Scheme be abolished if a way could not be found to ensure the subsidy was being passed on. None of the submissions to the Inquiry or during the subsequent public consultation process undertaken on the gross price model identified workable options for improvement. Also, it was clear from expert evidence given to the Inquiry that there is no perfect system to ensure that the subsidy is fully passed on.~~

~~In 2001-02, the subsidy cost \$451.9 million. By 2007-08, this had increased to \$558.9 million and the cost is expected to reach \$560 million this year. It is forecast to cost \$636 million in 2012-13. The State's fiscal position makes the retention of the Fuel Subsidy Scheme unsustainable. The Government would be required to borrow to continue to fund it. To borrow for this purpose would run counter to the principle of intergenerational equity, as future generations would be required to fund the services consumed today. The Government intends to abolish the Scheme.~~

~~This Bill repeals the Fuel Subsidy Act 1997 so that subsidy entitlement will cease to apply to retail fuel sold, or bulk end user fuel used, on or after 1 July 2009. To ensure that the Scheme is wound up in a timely manner, all subsidy claims will be required to be lodged with the Office of State Revenue by 30 September 2009. The Bill also makes a number of amendments relating to matters relevant to the winding up process, including ensuring no provisional subsidy is paid to retailers for July, and clarifying when fuel is used as bulk end user fuel and when diesel is used for an off-road purpose.~~

~~Mr Speaker, the Government recognises that Queensland motorists will all feel the impact of these changes and does not want to diminish in any way the burden this may place on them. However, abolition of the Fuel Subsidy Scheme is part of the Government's plan to regain our AAA credit rating and restore the Budget surplus and ensure we can continue to invest in important areas such as running our schools, hospitals, police and other vital front line services.~~

~~As announced in the Major Economic Statement in December 2008, the Land Tax Act 1915 will be amended to impose a 0.5 per cent surcharge on that part of the aggregate value of a taxpayer's land exceeding \$5 million. This will apply for the 2009-10 and~~