

~~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

later financial years. The land tax surcharge will apply to less than 4% of land taxpayers and is estimated to provide an additional \$93 million in revenue in 2009-10.

A number of revenue measures in the Bill will assist taxpayers and stimulate employment. Amendments to the Duties Act 2001 will extend the existing transfer duty concession for first home buyers who purchase vacant land with the intention of constructing a home. The amount to which the full concession applies will increase from \$150,000 to \$250,000 while the amount at which the concession phases out will increase from \$300,000 to \$400,000. First home buyers purchasing vacant land for \$250,000 will now pay no duty compared with \$5,675 duty under the existing concession. Without the concession, transfer duty would be \$7,175. These changes will apply to contracts entered into on or after 1 July 2009.

Members will be aware that the Commonwealth introduced a First Home Owner Boost on 14 October 2008 to stimulate the housing market by providing an additional grant of \$7,000 for existing homes and \$14,000 for newly constructed homes. The Boost was on top of the grant of \$7,000 paid by the Queensland Government. In the six months following the introduction of the Boost, the number of Queensland first home owner grant payments increased by 77% compared with the previous six months. The biggest increase was for new homes where payments rose by 115%.

Originally, the Boost was to end on 30 June 2009. However, the recent Commonwealth Budget announced extension of the Boost until 31 December 2009. The First Home Owner Grant Act 2000 is therefore amended by this Bill to reflect this extension. Consistent with the Commonwealth's announcement, the amount of the Boost will be halved after 30 September 2009 to \$3,500 for an established home and \$7,000 for a new home.

In the 2008-09 Budget I announced the First Home Owner Grant would not be available for first homes worth \$1 million or more. Commencement of the cap was deferred until 1 July 2009 at the request of the Commonwealth as part of the arrangements for the First Home Owner Boost. With the Boost now being extended until 31 December 2009, it is necessary again to amend the First Home Owner Grant Act 2000 to defer commencement of the cap until 1 January 2010. This is an amendment that is required by the Commonwealth Government.

The Pay-roll Tax Act 1971 is to be amended to provide employers who employ apprentices and trainees with a rebate of tax for the 2009-10 financial year. Wages paid to apprentices and trainees are already exempt from pay-roll tax. An employer who employs apprentices or trainees whose wages are exempt from pay-roll tax will now also be able to claim a 25% rebate of pay-roll tax in relation to those wages. The rebate will reduce pay-roll tax payable on the wages of other employees of the employer. The rebate will apply for the 2009-10 year.

Mr Speaker, this additional assistance to employers complements Queensland's highly competitive pay-roll tax rate of 4.75% and a competitive threshold of \$1 million. It will assist employers to provide job certainty during the current economic downturn and help them to build and maintain a skilled workforce for the future.

Queensland continues to provide a competitive tax environment. Per capita, Queensland state tax is estimated at \$2,087 in 2009-10, compared to an average of \$2,487 for the other states and territories.

Mr Speaker the Bill will also make possible the casino tax rate changes which were announced in the 2008-09 Major Economic Statement.

The State will receive an additional \$36 million in revenue for 2009-10 as a direct result of these changes. Gaming machine gross revenue in casinos has traditionally been taxed at lower rates compared to gaming machine gross revenue in clubs and hotels. These changes will reduce the disparity between the tax rates applicable to gaming machines in casinos and those applicable to large clubs and hotels.

At present, casino taxes are levied as follows:

- Conrad Jupiters and Conrad Treasury—20 per cent of gaming win (ie the net of player bets and payouts) on all activities except premium junket play, where a 10 per cent rate applies.
- Jupiters Townsville Hotel and Casino and The Reef Hotel Casino—10 per cent of gaming win on all activities except premium junket play, where an 8 per cent rate applies.

From 1 July 2009, the following tax rates will apply:

- Conrad Jupiters and Conrad Treasury—20 per cent of gaming win (ie the net of player bets and payouts) on all activities except gaming machines (where a 30 per cent rate will apply) and premium junket play, where a 10 per cent rate will continue to apply.
- Jupiters Townsville Hotel and Casino and The Reef Hotel Casino—10 per cent of gaming win on all activities except gaming machines (where a 20 per cent rate will apply) and premium junket play, where a 10 per cent rate will now apply.

Amendments will also be made to remove the requirement for the casinos to pay a separate Community Benefit Levy of 1 per cent of casino gross and premium junket revenue. The levy will be incorporated into the increased overall tax take and indexed to ensure growth in future funds available to the casino benefit funds.

The Levy is currently used to fund the Casino Community Benefit Fund which supports local community groups. To ensure community groups are still able to access this valuable source of funding, the Casino Community Benefit Fund (which consists of the Breakwater Casino Community Benefit Fund, Cairns Casino Community Benefit Fund, and the Jupiters Casino Community Benefit Fund) will continue but will instead be funded directly from within the Community Investment Fund rather than the Levy.

As with the other gambling taxes, an amount of 8.5% will be paid from the total casino tax collections to the Community Investment Fund.

In addition to the revenue legislation amendments, the Bill also amends the Statistical Returns Act 1896. The purpose of the amendment is to modernise and improve the efficiency of the Statistical Returns Act to ensure the sustainable collection of official statistics for informed planning, decision making, policy development, service delivery, resource allocation and evaluation in the Queensland Government.

Mr Speaker, I commend the Bill to the House.

Debate, on motion of Mr Nicholls, adjourned.

ADJOURNMENT

~~Ms SPENCE (Sunnybank—ALP) (Leader of the House) (3.07 pm): I move
That the House do now adjourn.~~