



Estimates Committee B

2008

Report to the Legislative Assembly

1. INTRODUCTION

Estimates Committee B was appointed by the Legislative Assembly on 1 May 2008 to examine and report on the proposed expenditures contained in the *Appropriation Bill 2008* for the organisational units within the portfolios of the Treasurer, the Minister for Health, and the Minister for Police, Corrective Services and Sport.

The Committee took evidence from the Ministers at a public hearing held on 16 July 2008.

For the purposes of examining the proposed expenditure for the organisational units allocated to it, the Committee considered information obtained at the hearing, in conjunction with:

- budget papers including the relevant service delivery statements;
- written responses provided by Ministers to questions on notice prior to the public hearing; and
- Ministers' written answers to questions taken on notice at the public hearing.

During its inquiry the Committee examined a wide range of issues, including those listed in this report.

Tabled with this report is a volume of additional information which includes the Ministers' answers to questions on notice asked before or during the public hearing, material tabled at the hearing and the minutes of the Committee's meetings.

2. THE TREASURER

The following table sets out details of the appropriation for 2008-09 compared to the previous financial year.

| | 2007-2008 Budget \$'000 | 2007-2008 Est Actual \$'000 | 2008-2009 Budget \$'000 |
|----------------------|-------------------------------|-----------------------------------|-------------------------------|
| Departmental Outputs | 113,245 | 150,124 | 159,637 |
| Equity Adjustment | (15,539) | (14,687) | 14,192 |
| Administered Items | 3,164,823 | 4,287,696 | 1,856,691 |
| Vote Total | 3,262,529 | 4,423,133 | 2,030,520 |

Source: *Appropriation Bill 2008, schedule 2*

The estimated expenditure for departmental outputs in 2008-09 compared to estimated actual expenditure for the prior year is detailed in the following table.

| Departmental Output | 2007-08 Est Actual \$'000 | 2008-09 Estimate \$'000 |
|-----------------------------------|---------------------------------|-------------------------------|
| Financial and economic policy | 66,414 | 45,701 |
| GOC performance and governance | 5,723 | 5,667 |
| Economic and statistical research | 15,509 | 15,722 |
| Taxation | 59,507 | 71,628 |
| Gambling | 36,298 | 40,010 |
| Racing | 7,217 | 7,717 |
| Liquor industry services | 13,657 | 16,473 |
| Total | 204,325 | 202,918 |

Source: *State Budget, service delivery statements, book 3.*

Issues considered by the committee

Issues addressed at the hearing include:

- the impacts of the change to the Medicare surcharge level in the 2008 federal budget.
- management of future interest costs.
- the Fuel Subsidy Scheme.
- initiatives to combat climate change.
- the use of public private partnerships for the building of new schools.
- measures to increase home affordability.
- the effect of an emissions trading scheme on the coal mining industry in Queensland.
- measures to reduce compliance costs on taxpayers.
- Infrastructure investment and funding.
- proposed airport sales.

3. MINISTER FOR HEALTH

The following table sets out details of the appropriation for 2008-09 compared to the previous financial year.

| | 2007-2008 Budget \$'000 | 2007-2008 Est Actual \$'000 | 2008-2009 Budget \$'000 |
|-------------------------|-------------------------------|-----------------------------------|-------------------------------|
| Departmental Outputs | 4,621,88 1 | 4,748,94 3 | 5,457,139 |
| Equity Adjustment | 222,226 | 163,524 | 626,024 |
| Administered Items | 14,775 | 18,196 | 24,131 |
| Vote Total | 4,858,88 2 | 4,930,66 3 | 6,107,294 |

Source: Appropriation Bill 2008, schedule 2

The estimated expenditure for departmental outputs in 2007-08 compared to estimated actual expenditure for the prior year is detailed in the following table.

| Departmental Output | 2007-08 Est Actual \$'000 | 2008-09 Estimate \$'000 |
|--------------------------------------|---------------------------------|-------------------------------|
| Prevention, promotion and protection | 452,755 | 460,714 |
| Primary health care | 317,575 | 367,455 |
| Ambulatory care | 1,551,542 | 1,725,232 |
| Acute care | 3,860,099 | 4,371,081 |
| Rehabilitation and extended care | 586,912 | 657,248 |
| Integrated mental health services | 688,100 | 770,282 |
| Total | 7,456,983 | 8,352,012 |

Source: State Budget, service delivery statements, book 2.

Issues considered by the committee

Issues addressed at the hearing include:

- area health service budgets.
- the proposed Queensland Children's Hospital.
- surgery and outpatient waiting lists.
- hospital bed numbers and new hospital beds.
- the 13HEALTH phone hotline.
- recruitment figures for overseas trained doctors, nurses and allied health professionals.
- health services for youth and for Indigenous communities.
- initiatives to improve access to community based mental health services.

4. MINISTER FOR POLICE, CORRECTIVE SERVICES AND SPORT

Queensland Police Service

The following table sets out details of the appropriation for 2008-09 compared to the previous financial year.

| | 2007-2008 Budget \$'000 | 2007-2008 Est Actual \$'000 | 2008-2009 Budget \$'000 |
|----------------------|-------------------------------|-----------------------------------|-------------------------------|
| Departmental Outputs | 1,387,907 | 1,365,288 | 1,524,429 |
| Equity Adjustment | 158,159 | 114,437 | 181,637 |
| Administered Items | 405 | 405 | 420 |
| Vote Total | 1,546,471 | 1,480,130 | 1,706,486 |

Source: Appropriation Bill 2008, schedule 2

The estimated expenditure for departmental outputs in 2008-09 compared to estimated actual expenditure for the prior year is detailed in the following table.

| Departmental Output | 2007-08 Est Actual \$'000 | 2008-09 Estimate \$'000 |
|--|---------------------------------|-------------------------------|
| Community Safety and Engagement | 448,510 | 487,008 |
| Crime Management | 462,978 | 502,718 |
| Traffic Management | 289,361 | 314,199 |
| Professional Standards and Ethical Practices | 245,957 | 267,069 |
| Total | 1,446,806 | 1,570,994 |

Source: State Budget, service delivery statements, book 2

Issues considered by the committee

The issues examined by the Committee included:

- police numbers, including issues of recruitment and retention of officers.
- the proposed roll-out of Tasers across Queensland.

- policing in Indigenous communities.
- Task Force Argos resourcing and activities to enhance internet safety.
- rates of unsolved crimes.
- Roadside drug testing and confiscation of 'hoon' vehicles.

Department of Corrective Services

The following table sets out details of the appropriation for 2008-09 compared to the previous financial year.

| | 2007-2008 Budget \$'000 | 2007-2008 Est Actual \$'000 | 2008-2009 Budget \$'000 |
|----------------------|-------------------------------|-----------------------------------|-------------------------------|
| Departmental Outputs | 472,615 | 481,613 | 492,949 |
| Equity Adjustment | 202,482 | 188,588 | 336,270 |
| Administered Items | .. | .. | .. |
| Vote Total | 675,097 | 670,201 | 829,219 |

Source: Appropriation Bill 2008, schedule 2

The estimated expenditure for departmental outputs in 2008-09 compared to estimated actual expenditure for the prior year is detailed in the following table.

| Departmental Output | 2007-08 Est Actual \$'000 | 2008-09 Estimate \$'000 |
|-------------------------------------|---------------------------------|-------------------------------|
| Facility-based Containment Services | 360,189 | 360,524 |
| Community Supervision Services | 61,632 | 66,122 |
| Correctional Intervention Services | 75,588 | 84,544 |
| Total | 497,409 | 511,190 |

Source: State Budget, service delivery statements, book 2

Issues considered by the committee

Issues addressed at the hearing include:

- the completion rates for parole orders and probation orders, and rates of recidivism.
- Management, release and supervision of sex offenders.
- new prisons.
- drug testing of prisoners.
- the impact of parole orders on the number of offenders serving short sentences.

Sport and Recreation

Whilst accountable to the Minister for Police, Corrective Services and Sport, Sport and Recreation is administered by the Department of Local Government, Sport and Recreation.

Issues considered by the committee

The issues examined by the Committee during its inquiry included:

- initiatives to combat the rising levels of obesity in Queensland.
- improving community access to sport and recreation facilities in schools.
- the financial performance of Stadiums Queensland.
- the new State Tennis Centre.
- funding by the Queensland Government to the Gold Coast Events Co for the Gold Coast Indy.

5. RECOMMENDATION

The committee recommends that the proposed expenditure, as detailed in the Appropriation Bill 2008 for the organisational units in the portfolios referred to it, be agreed to by the Legislative Assembly without amendment.



Vicky Darling MP
Chair

August 2008

COMMITTEE MEMBERS

Ms Vicky Darling MP (Chair)
Dr Bruce Flegg MP (Deputy Chair)
Mr Vaughan Johnson MP
Mr John-Paul Langbroek MP
Mrs Christine Smith MP
Hon Dean Wells MP
Mr Wayne Wendt MP

SECRETARIAT

Mr Stephen Finnimore, Research Director
Ms Allison Tait, Research Officer
Ms Jenny North, Executive Assistant
(until 16 July 2008)
Ms Narelle Robinson
(from 17 July 2008)

The transcript of the Committee's public hearing is available on the Hansard web page at:

<http://www.parliament.qld.gov.au/Hansard/>



Estimates Committee B

2008

Statements of Reservation

John-Paul Langbroek MP Member for Surfers Paradise

Vaughan Johnson MP Member for Gregory

Bruce Flegg MP Member for Moggill

John-Paul Langbroek B.D.Sc.(Hons) MP

STATE MEMBER FOR SURFERS PARADISE

1 August 2008

Ms Vicki Darling MP
Chair – Estimates Committee B
Parliament House
BRISBANE Q 4000

Dear Ms Darling,

I refer to the draft report for Estimates Committee B and submit a statement of reservations on the report and some general comments on the process of Estimates Committees hearings.

Department of Health

Health budget

The Minister for Health, the Honourable Stephen Robertson, acknowledged the remarkable discrepancy in area health service funding budgeted in 2007-08 and the estimated actual figure. In 2007-08, the Government spent an excess \$711 million in addition to the \$5.85 billion allocated to area health services.

The Minister justified the cost blow-out of area health service budgets by stating the increased expenditure was approved by Treasury during the Cabinet Budget Review Committee's mid-term review. According to the Minister, he was able to obtain an extra \$711 million from an anticipated budget surplus.

The LNP is concerned about this kind of fiscal management by the Government. Whilst we concede that surpluses should be spent delivering services to Queenslanders, the augmented area health service budget represents a 10 per cent increase on what was originally allocated. This is not insignificant, despite the Minister's effort to contextualise the boost in spending relative to \$7.151 billion health budget.

Whilst we welcome the increased expenditure in health, particularly given the Labor Government's gross underinvestment in public health during their period in office, such sizeable cost blow-out is of great concern given Queensland's \$36.6 billion budget. A 10 per cent overspend across all government departments would have a serious detrimental impact on State finances.

Periodically, greater investment will be needed in order to meet new challenges in healthcare delivery. However, it is the Health Minister's responsibility to ensure that these challenges can be met from the departmental budget. The increased expenditure in 2007-08 indicates the Minister did not properly cost last year's health budget.

Commonwealth-State health funding

Mr Robertson also sought to allay Ministerial responsibility by suggesting the Commonwealth had been remiss in their duty to compensate the State Government for healthcare delivery. The Labor Government has conceded on many occasions that it has significantly increased health spending since the Queensland Public Hospitals Commission of Inquiry and the Queensland Health Systems Review of 2005.

The Federal Government has met all of its financial obligations under the previous Australian Health Care Agreement. Thus, it is false and misleading to somehow suggest the Commonwealth has short-changed Queensland when it comes to administering public health. Mr Robertson should be well aware that the gap between Commonwealth and State funding has been skewed by Queensland's increased investment in health since 2005.

I take this opportunity to remind the Minister that if he wishes to achieve an equilibrium between Commonwealth and State funding, as indicated to the Committee, he must ensure proper planning, costing and forecasts are carried out prior to a new Australian Health Care Agreement. Unless the Minister puts an accurate price on the cost of public health administration over the next five years, taking into account population growth and increasing demand for services from an ageing population, he can expect the disparity to continue.

Mental Health

The Minister was unable to confirm whether new mental health beds would be provided on the Gold Coast in line with the recommendations of the Queensland Plan for Mental Health 2007-2017. The Plan sets out a target of 40 acute mental health beds per 100,000 population. Applying this target to population projection, the Gold Coast can expect 240 beds be delivered over the next decade when the local population is expected to reach 600,000 people.

The Minister refused to confirm this commitment, instead stating that it was merely an aspirational target. This is concerning, given that there is currently a deficiency in mental health services as a result of the Labor Government's failure to identify and plan for future trends and challenges in health.

Climate change initiatives

In this era of enhanced climate consciousness, it was of great concern that the Health Minister had little knowledge of his department's climate change initiatives. Whilst Mr Robertson was able to point to water and energy saving targets – reported in Queensland Health quarterly public hospital performance reports – he was unable to provide detail on climate change initiatives designed to tackle carbon emissions.

The Minister indicated his priority was reducing energy use in order to cut emissions. Whilst this is an essential aspect of climate change strategy, energy saving in itself is a short-term solution and is not sufficient to meet the challenges of global warming. Appropriations have been made in the health budget to address some of these issues, yet there is little detail available about how this money will be spent.

Staff housing

With respect to improving staff accommodation, the department admitted that only 62 per cent of Queensland Health housing has had safety and condition inspections in the past three years. It should also be noted that half of those were inspected between March and June this year, in the wake of the Torres Strait island incident.

The remaining 38 per cent of housing yet to be inspected is worrying given the threat it poses to the personal safety of Queensland Health staff. It also goes to demonstrate why staff recruitment and retention in regional areas can be difficult. The Minister and his department have a responsibility to ensure the health and safety of its employees, which includes carrying out inspections of staff accommodation facilities in a timely manner.

Medicare Surcharge Levy

In response to a question about the impact of the Rudd Government's increase to the Medicare surcharge levy threshold on Queensland's public hospitals, the Minister attacked me on a statement I previously had made about how the policy would affect cancer services in Queensland. The Health Minister said it was "ridiculous" to suggest that raising the Medicare surcharge levy threshold would have an impact on public oncology services.

The Minister must be unaware of current trends which show a significant increase in the use of private oncology treatment contrasted with similar data for public facilities. Further, Mr Robertson refuses to concede that raising the Medicare levy surcharge threshold may prompt some people who have previously taken out private health insurance in order to avoid the surcharge to cancel their health insurance policy in order to save money.

The Minister's position on the Medicare levy threshold increase has been imprudent. While other states are preparing for a potential increase in demand for public services, Mr Robertson has adopted a 'wait and see' approach. Given the health department's record of "a lack of proper and robust planning" in the past, the Minister's approach is irresponsible.

Questions on Notice

I was not satisfied with the answer the Minister provided to Pre-Hearing Non-Government Question on Notice No. 2. The question was very clearly asked: how many beds will be opened in Queensland public hospitals in 2008-09? It did not refer to Labor Party election promises in the 2006 campaign. When pressed further, the Minister was unable to provide this detail and took the question on notice. This information should have been provided On Notice.

I was also concerned with the manner in which one of my questions was taken on notice. The question I submitted was reworded by the department and did not appear as it should. As such, the department has refused to answer my original question as written in Estimates Hearing Question on Notice No. 5 and as appears in Hansard at page 53.

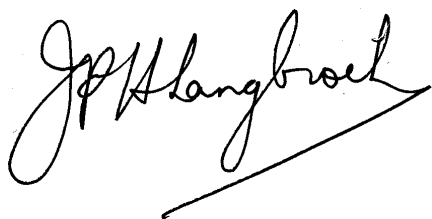
General Observations

I was pleased to extricate a commitment from the Minister that he would spend an extra \$8 million on upgrades at Ingham Hospital. That money was originally budgeted for the redevelopment but was revoked in the budget papers when the project came in under cost. The Minister assured the Committee the saving would be spent in improving other services in the hospital.

On a final note I would like to note the following reservations:

- The overall Estimates process has failed to allow for any real analysis of the expenditures detailed in the Queensland Budget Statements.
- The limited time available to scrutinise each of the portfolios and agencies outlined in session timetables fails to ensure adequate analysis of each portfolios expenditure.

- Reservations are held with regards to the limited number of Questions on Notice allowed for each portfolio, which limit the ability to examine in depth all areas of the allocated budget items.
- The failure of Estimates Committees to allow direct questioning of Senior Public Service administrators
- Receiving responses to Questions on Notice less than 24 hours prior to the actual commencement of Committee hearings greatly inhibits the capacity to further research the completeness and accuracy of answers provided.
- In addition to limited time provided for questions, the avoidance tactics of Ministers who reply to questions in such a way as to evade the issue being scrutinised was a consistent theme throughout the hearings. Despite numerous follow up questions, Ministers either avoided answering questions or simply read prepared briefing notes on subjects not related to the issues raised in the questions.
- The structured nature of the Committee proceedings into blocks of questions with set times from Government and Non-Government Members prevent Members being able to follow a line of questioning in a logical and consistent manner to finality.

A handwritten signature in black ink, reading "John-Paul Langbroek". The signature is written in a cursive style and is underlined with a single diagonal stroke.

John-Paul Langbroek

Queensland Coalition Shadow Health Minister

Member for Surfers Paradise

Ms Vicki Darling MP
Chair – Estimates Committee B
Parliament House
Brisbane Qld 4000

Dear Ms Darling,

We refer to the draft report for Estimates Committee B and submit a statement of reservations on the report.

Statement of Reservations - Sport

The Minister for Sport answered, on notice, a question about the Tennyson Riverside Development and the new Stadiums Queensland State Tennis Centre.

The Minister advised that of the Tennyson site, the State would retain ownership of the land on which the Tennis Centre is constructed and the developer presented with the balance of the Tennyson site for associated development.

However, details of the development agreements between the Government and the developer were not given due to commercial-in-confidence reasons.

The Minister was able to explain that \$10 million of Department of Sport Capital Funds went towards the capital cost of the State Tennis Centre; and a further \$17 million towards the cost of post-agreement project variations, including a centre court roof and alterations to corporate and media facilities.

The Capital Statement shows an allocation of \$44.5 million. The Minister's answer leaves \$17.5 million unexplained and unaccounted.

Statement of Reservations – Racing

1. The Minister was asked about the proposed extension of term of the Chairman and Directors of Queensland Racing Ltd. This control body is very powerful – being responsible for race dates, TAB allocation, prize money, certain capital works, etc. The Control Body (QRL) also owns 80 per cent of the Sunshine Coast Turf Club (Corbould Park) whilst being responsible for all race clubs and racing in Queensland.

The extension of term will allow the Chairman and four Directors to hold their positions from 2006 to 2018 with only one occasion (2012 or 2014) to face re-election.

The Minister's response indicated he would approve this extension if approved by the industry.

As Minister, he should be aware of the power and influence of the Control Body and ensure, under Section 46 of the Racing Act, that that power and influence is made truly accountable to Queenslanders and the racing industry.

The original arrangement of initial elections of 2, 2 and 1 members of the Board in 2009, 2010 and 2011 respectively and then on a regular basis, gave the control board an initial time to establish followed by a regular election process similar to any corporation. This original arrangement was detailed to the Parliament when the Control Body (QRL) was put in place.

In the interests of accountability and corporate integrity, the Racing Minister should have prevented this move for long and unfettered power, which is contrary to corporate ethics.

2. The Minister was asked what was the amount saved in prize money payments for racing and harness racing resulting from the cancellation of races in the green and red zones during the Equine Influenza outbreak and where was the saved money allocated.

The Minister was unable to provide this information in the five working days time given and has said he will provide it to the Parliament.

I ask for this information to be provided during the Estimates B debate in Parliament (26, 27 & 28 August). This will be six weeks after the question was taken on notice.

Sincerely,

A handwritten signature in black ink that reads "Vaughan Johnson". The signature is written in a cursive, flowing style.

Vaughan Johnson MP

Ms Vick Darling MP
Chair – Estimates Committee B
Parliament House
Brisbane Qld **4000**

Dear Ms Darling,

We refer to the draft report for Estimates Committee B and submit a statement of reservations on the report and some general comments on the process of Estimates Committees hearings.

This year has once again shown major deficiencies in the Estimates Committee process that has limited the effective scrutiny of the expenditures of Government Departments and agencies. The following general reservations are held with regards to the Estimates Committee Process:

Regarding the portfolios scrutinised by the Committee, the following reservations are raised:

- The overall Estimates process has failed to allow for any real analysis of the expenditures detailed in the Queensland Budget Statements.
- The limited time available to scrutinise each of the portfolios and agencies outlined in session timetables fails to ensure adequate analysis of each portfolios expenditure.
- Reservations are held with regards to the limited number of Questions on Notice allowed for each portfolio, which limit the ability to examine in depth all areas of the allocated budget items.
- The failure of Estimates Committees to allow direct questioning of Senior Public Service administrators
- Receiving responses to Questions on Notice less than 24 hours prior to the actual commencement of Committee hearings greatly inhibits the capacity to further research the completeness and accuracy of answers provided.
- In addition to limited time provided for questions, the avoidance tactics of Ministers who reply to questions in such a way as to evade the issue being scrutinised was a consistent theme throughout the hearings. Despite numerous follow up questions, Ministers either avoided answering questions or simply read prepared briefing notes on subjects not related to the issues raised in the questions.
- The structured nature of the Committee proceedings into blocks of questions with set times from Government and Non-Government Members prevent Members being able to follow a line of questioning in a logical and consistent manner-to finality.
- The integrity of the Estimates Committee process is grossly compromised due to amendments made to the Criminal Code Act 1899 (Qld) in June 2006, which abolished the crime of knowingly providing false evidence to the Legislative Assembly or a committee.

Regarding the specific examination of expenditure of public monies on the area of Police and Corrective Services, the following reservations are raised:

- The Minister's response to the question on notice regarding how many bench warrants are currently outstanding in Queensland is unsatisfactory. Bench warrants are most commonly issued when someone accused of a criminal offence fails to attend court in accordance with their responsibilities under their bail agreement. The Minister's answer confirms there are 2,445 people currently the subject of bench warrants in Queensland and the Queensland Police Service has not been given the resources to actively bring these people back before the court. We are concerned that alleged criminals who fail to appear in court will not be apprehended until they either allegedly commit another offence or come into contact with a police officer and this situation diminishes the coercive power of bail.
- We also express reservations regarding the Minister's response to the question on notice regarding the Probation and Parole Services. The Minister's question states that Queenslanders are 11% less likely than the average to complete their probation or parole order and 27% less likely to complete their order than those in the ACT. Given the constant reports about the under-funding of Queensland's Probation and Parole Services we are concerned that the Minister has attempted to explain the extraordinary difference between the completion rate in Queensland and other jurisdictions by blaming Queensland's indigenous population.

Sincerely,



Vaughan Johnson MP
Shadow Minister for Police and Corrective Services

Statement of Reservations - Committee B

Treasury Portfolio

Submitted by Dr Bruce Flegg MP

I have a number of reservations relating to Estimates Committee B that I express herein.

I would also like to place on record my thanks to the Committee chair Ms Vicky Darling MP and committee staff, Stephen Finnimore, Allison Tait, Jenny North, and Narelle Robinson.

The Treasurer's prompt answers to Questions without Notice were appreciated and allowed a range of issues to be examined.

Public Sector Debt

The Opposition has significant concerns about the rapid descent into debt by the Queensland public sector.

This year's budget shows a marked deterioration from the previous year with a projected \$64 billion of borrowings in the forward estimates.

The Treasurer seems to be in denial and appears to have no idea of what levels of debt are appropriate and at what level debt produces a potential threat to our credit rating in the event of an economic slow down.

If the Treasurer does understand the implications of this level of debt he appears unwilling to share the information with Queenslanders.

Government Owned Corporation (GOC) sector Debt

Queensland's GOCs are the most heavily geared in the country with a gearing ratio of almost 70% in 2008-09.

It is misleading to make statements about the State's financial position without including the significant GOC sector debt. The relevant measure of borrowing in our view is Public non-financial sector borrowings.

As the sector groans under the burden of interest payments it will inevitably require additional capital injections to be provided by the Government.

Public Private Partnerships (PPPs)

Queensland's debt position means the Government is very likely to fund many more activities via mechanisms such as PPPs.

While PPPs can have great economic benefit to Queensland, the Treasurer seems unable to define the Government's position and attitude to PPPs.

The Treasurer has refused to accept that some PPPs entered into, may not produce taxpayer benefit because they are entered into simply because this Government lacks the balance sheet capacity to do them in the public sector.

There are undoubtedly many “good” PPPs but there is also potential for “bad” PPPs.

PPPs work best where the private sector assumes the risk within a project, in exchange for an appropriate return. They are also beneficial for projects that are more efficiently undertaken by the private sector, especially when there is specific expertise required.

By definition not every type of project lends itself to the PPP model but where appropriate the Opposition considers that there are significant benefits to be gained from the use of PPPs.

Coal Royalties

I note the concern of the mining sector in Queensland in relation to the lack of consultation and warning provided by the Government in regard to the mining royalty structure changes announced in the budget.

In order for the business community to feel confident to make investments for the future prosperity of the State it is essential that they have a high degree of regulatory and taxation certainty.

The Treasurer justified the absence of industry consultation on the grounds that no agreement would have been met with the industry. Although this may be true it is not an excuse for failing to give industry consultation. In the way that the Government has handled this issue they have added an additional layer of uncertainty for investors in Queensland.

Tax Increases for Investors

The Treasurer’s inability to explain the effect that the stamp duty increase for investment properties will have on the availability of housing was particularly concerning.

The Government’s planned changes to the system of levying Stamp Duty will result in significant taxation increases for investors, discouraging investment in rental accommodation. The Opposition has serious concerns about the effect this may have on the availability of housing, particularly at the present time when affordability and rental scarcity are serious issues for so many Queenslanders.

Similarly, changes announced in the lead-up to this year’s budget to payroll and land tax will also impose a significant additional burden on Queensland business. The Treasurer again

seemed unwillingly to accept that changes to payroll tax will inevitably drive up the cost of a new home even further.

The Opposition believes that Queenslanders will be hit with more taxation increases in the next twelve months as the Government struggles to keep the budget in surplus, especially in the face of an economic slowdown. The Treasurer refused to rule out the introduction of any new taxes or tax increases.

Privatisation

The Opposition is concerned about this Government's seemingly indiscriminate approach to privatisation. The sudden sale of assets to fund budget inadequacies is obvious. An additional concern is the Government have been unable to enunciate any overall or long term plan for what assets will give the best benefit from privatisation and what the overall benefit of, or detriment to, the economy is beyond the obvious short term budget fix.

Cordon Tax

Despite congestion taxes being a component of the 2006 Queensland Labor policy platform the Treasurer denied any knowledge of any investigations being undertaken on such a toll/tax. If it is being considered the Opposition would expect full public and stakeholder consultation, and adequate cost-benefit modelling to be conducted and reported on.

Most importantly we would expect the Queensland Government to take Queenslanders into its confidence on any such consideration.

Fuel Rebate

This scheme has been operating for many years now and still motorists are not receiving the full rebate. This is the second year in a row I have raised this at estimates.

The Opposition are not convinced that the Government will be able to deliver the "barcode licence" scheme in a timely manner.

I have repeatedly been unable to get the Treasurer to explain what mechanism he will use to return savings to motorists, especially in light of the comments made by Bill Pincus QC.

Emissions Trading

It is clear the Government have not done sufficient work on understanding the impact of emissions trading on Queensland.

This scheme is due for rapid implementation by the Federal Government and potentially will have a significant impact in Queensland, a State where many energy intensive and energy related industries are located.

The Government needs to understand what the impact will be of emissions trading and how we can best help Queensland industry and jobs adjust. Time is running out for us as a State to prepare for the introduction of emissions trading and the Government should release modelling of possible impacts under different scenarios.

This is another area of severe business uncertainty in Queensland.

The Treasurer seemed to have little knowledge about the impact that most certainly will flow.

Economic Slow Down and Possible Effects on Revenue

The Treasurer seemed unwilling to discuss the possible implications for revenue, taxation and asset sales of the current economic slowdown,

Likelihood of more "forced" Asset Sales and increased/new Taxes

The financial position of the State leads the Opposition to believe that further asset sales as well as new taxes or increased taxes will be forced onto people living in Queensland to keep the budget in surplus.

A handwritten signature in blue ink that reads "Bruce Flegg". The signature is written in a cursive, slightly slanted style.

Bruce Flegg MP

Shadow Treasurer