



Speech by

# Mr BRUCE LAMING

## MEMBER FOR MOOLOOLAH

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Hansard 16 September 1999

### 1999 STATE BUDGET

**Mr LAMING** (Mooloolah—LP) (1.20 a.m.): It gives me pleasure to take this opportunity to speak on the 1999-2000 Budget. Last night the first thought that came into my mind was that, although this is the most important Bill to come before the House each year, we have the least time in which to study it before the second-reading debate. I realise the Estimates process affords members the opportunity to scrutinise the appropriation, and I agree that this process is a valuable contribution to Budget procedure. However, I believe that a little more time between the tabling and the reply might lead to an improved reply process.

I intend to make some general comments on the overall Budget, to look at it from a regional perspective and to touch on some of the more obvious trends in the Public Works and Housing area. Based on the selective leaks over recent weeks, I must say that I anticipated a somewhat better Budget than it turned out to be. One of the aspects of our State that Queenslanders who follow these things have always been quite proud of is our lowest taxed State status. I know that we are still below the average, but to be out low taxed by Tasmania is the possible source of some embarrassment. I make that comment without casting any aspersions on our parliamentary colleagues across Bass Strait. Indeed, my family and I lived in Tasmania for four years and have a high regard for that State and its people. But I understand it has an extremely high level of debt and I wonder what level of financial mismanagement causes this Government to inflict a higher overall average tax rate than Tasmania's. Perhaps the acting Treasurer can shed some light on that.

Similarly, I do not recall any mention of a possible deficit in the acting Treasurer's speech, yet subsequent observations would seem to indicate that Queensland has one foot on the slippery dip which will plunge the State into the red. I mentioned earlier that Queenslanders were proud of their lowest taxed State status. Equally, we have been proud of our State's net debt free status. Is this, too, about to be squandered? I wonder whether the comment by Rick Shepherd of Standard and Poor's surprised the acting Treasurer as much as it alarmed the Opposition and will alarm many concerned Queenslanders. It is worth repeating. He stated:

"In contrast to recent years, the general government sector is expected to slip into the red in fiscal 2000 ... A general government underlying cash deficit of A\$0.4 billion is forecast ..."

This, together with a forecast 20% slump in economic growth down to 3.75% this year points to a gloomy Budget. Personally, I cannot see the Government achieving its stated unemployment figure of 7.75% while the economic indicators are so stodgy, to say the least.

Although all members on both sides of this House accept the need to and the benefits of moving to an accrual accounting basis, it would seem that the Government has used this as some sort of subterfuge to introduce a brand-new tax with the seemingly innocuous title of equity return. Its description in the glossary of terms commences with—

"A periodic payment reflecting the potential benefit forgone by government as a result of its investment in the equity of an agency."

I wonder who came up with that one. Does this mean that any agency that is not getting 6% on any of its assets should flog them off? I wonder how the Ministers for Housing, Health, or Family Services have responded privately when advised that new capital works funding represents a benefit forgone by the

Government. What is the Government? I thought it was the Government's function to provide public housing, hospitals and schools, not to see their provision as a benefit forgone.

I have been advised by others that this new tax grab, based on last year's Budget, would be \$306m. What is the next step? Will we have the Treasury boffins lining up to advise Ministers and directors-general how to avoid the tax? I suspect that that would be a reasonable assumption. The options would seem to be to get rid of what the acting Treasurer calls "lazy assets" and/or avoid new capital expenditure. One option would seem to disadvantage old established areas and the other would disadvantage the State's growth areas, particularly areas such as the Sunshine Coast, the Gold Coast, Townsville and Cairns.

Although I represent a rapid growth area, I can give the House an example of the former. A couple of years ago, I was successful in convincing a Minister to retain a former principal's house in the grounds of the Buderim Primary School. The school gets great use out of that house and the school community has painted and maintained it nicely. Would the boffins advise the Minister that the removal and sale of this school would save them tax? Possibly. But would the students, staff and parents agree? No way in the world! The latter option, that of avoiding new capital works, is even more relevant in electorates such as Mooloolah. Will Ministers be reluctant to provide new education, health and police facilities to our growth regions until absolutely necessary so as to put off the liability for the tax? Then the disadvantage that the growth areas of the State already share becomes a double whammy. I have not yet heard the members for Townsville and Cairns expressing their concerns about this.

I have not yet been able to ascertain how this tax comes back to the agencies. I trust Treasury does not keep it. Perhaps we will see this initiative as causing a transfer of expenditure from capital works to recurrent, and that, too, is a worry. It would seem to me that this tax will punish those departments which best meet the challenge of delivering capital works as and when required, and if this is the case I believe it is a stupid tax.

The second aspect that I wish to cover tonight relates to capital expenditure in my electorate. Fortunately, I have always approached budgetary matters from a regional perspective. Electoral boundaries are rather artificial and change from time to time. For this reason I welcome the proposed improvements at the Nambour and Caloundra Hospitals. However, I wonder whether they are reannouncements of previously planned work. Improvements on Maroochydyre Road are welcome and, like all roadworks, are most welcome when complete. The planned works at the Nambour TAFE and the Currimundi Recreation Camp will also be welcome in an area of such rapid growth as the Sunshine Coast. None of those works are located in the electorate of Mooloolah, but all of them will be used by my constituents.

I would say that the omissions are more worthy of comment today, and I put the Government on notice that it has a responsibility not just to match the Sunshine Coast's growth rate but also to anticipate it. I refer particularly to duplication to four lanes of the Sunshine Motorway and major works at the intersection of Buderim-Mooloolaba Road and the motorway. Schools, particularly at Buderim and Mountain Creek, are still experiencing growth pains, both at a primary and high school level. One shudders to think of the load on the State Government for education on the Sunshine Coast were it not for the four fine private schools—Immanuel Lutheran, Matthew Flinders, Sunshine Coast Grammar School and Siena Catholic College—all of which are in or very close to my electorate.

In relation to Health, Nambour General and its dedicated staff continue to provide the lion's share of health services on the coast. I applaud it, together with the Caloundra Hospital and Buderim Private. Thanks to them the coast is managing to keep close to requirements, but waiting lists are still a problem. The Noosa Hospital has just come on stream thanks to a joint private sector/Government arrangement during the coalition term in Government, and I wish them well in contributing to health care on the coast.

Time will not permit me to go into detail on policing in the north coast region, but I commend the officers on their approach to what is often a thankless task. Our region will continue to be disadvantaged until the police staffing allocation model is revised to take out the inherent biases against growth areas such as the Sunshine Coast. I call on the Minister to look at this.

I am hopeful that the next State Budget will recognise the obvious need for a cultural/convention centre in the Maroochy Shire. I understand planning is proceeding, but I take this opportunity to advise the House that the need is great and becoming greater. Similarly, the Sunshine Coast Hockey Association has submitted an excellent submission for a synthetic field and now has the full support of the Maroochy Shire Council. The Sunshine Coast should no longer have to export its best players to Brisbane or elsewhere to enjoy top-level facilities.

As I said at the beginning of my contribution, one day is not really sufficient time to study a full set of Budget papers in detail, particularly when there is such a fundamental change as moving from cash to accrual accounting. However, to see what appears to be a massive reduction in the Public Works budget is quite disturbing. Other speakers in addition to me have been quite critical of the BST,

the Beattie stealth tax. After taking this tax into account, it amounts to a massive \$142.8m reduction in the Public Works budget, which is more than 33%.

While it is pleasing to see some good outcomes, particularly by Project Services and Q-Fleet, they were rather lonely amongst the whole-of-Government's public trading enterprises deficit of \$402m. From going through the Public Works' commercialised business units, there is no escaping the fact that there seems to be some very poor and concerning performances. Q-Build's return on net assets of 4.4% is, to say the least, disappointing after a 1998-99 target of nearly 16%. This year's target of over 10% return on net assets will be a challenge for the Government and will require a significant effort by all concerned.

Project Services, as I said earlier, has had a good year and those officers need to be commended. Similarly, Q-Fleet seems to have had a solid year. On the other hand, Goprint's bottom line—which from my rather quick look at the figures seems to have come from a drop in sales—a \$3.5m loss, or a 68.5% loss on net assets, is a situation that the Minister must address as a matter of urgency. The SDS result of \$105,000 profit, or 5.7% on net assets, is not only down on Budget, but the forecast this year for a \$38,000 profit, or 4.4% return on net assets, is of significant concern and poses another challenge for the Minister in the current year.

On the housing side, the first comment I would like to make is that the changes to the method of recording the key performance indicators to output statements might fit in with the terminology used elsewhere in accrual accounting systems. However, where performance can be definitively measured, this output statement method can mask poor Government performance. I note the intention to commence 700 new homes this year. This compares poorly with the 780 starts by the coalition in 1997-98, a figure derived from the Government's own MPS. Even this Government achieved 763 last financial year after a target of 803. The coalition's superior record was achieved notwithstanding the burden of having to help fill in Keating's black hole of debt at the same time.

Another area of concern is community housing. Why is the Government attempting only half of the budgeted amount as last year—and that fell well short, anyway? It would appear that the need in the rural and regional areas is not being recognised and, if it is recognised, it is only being addressed at a 50% level. The bush deserves better than this.

I also note the proposed emergence of what is termed a new lending product to assist in the purchase by tenants of rental properties. I also note the intention of the reintroduction of the Home Share Scheme. As much as I support the concept of home ownership, I fear that this might signal the reintroduction of those tired, failed schemes which cost the taxpayer dearly not that long ago, not to mention the anguish of purchasers. To the Minister I say: take care. I do not believe it helps the taxpayer or the tenant purchaser if badly structured schemes fall apart. I will be watching this one with interest.

In summary, what do we have in this Budget? Yes, there are quite a few good bits scattered through, but there seem to be far more very worrying aspects. What strikes me most in all this is: where is the vision? There is rhetoric but little substance.

In four weeks' time I will be attending the Snowy Mountains reunion in Jindabyne. Naturally this has given rise to a certain amount of anticipated nostalgia. How well I recall the energy, excitement and sense of achievement of that project. I think that is what is missing in this Budget. Queensland is looking for a real stimulus. Whether that is to be found in the big projects or in finding more jobs in small business or a mixture of both, it does not seem to be found in this Budget.

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