



Speech by

Mr M. HORAN

MEMBER FOR TOOWOOMBA SOUTH

Hansard 27 October 1999

**APPROPRIATION BILL
Estimates Committee B
Report**

Mr HORAN (Toowoomba South—NPA) (3.11 p.m.): In joining this debate, I would like to thank the other members of the Estimates committee and particularly the staff who assisted us through the process. In examining this Budget for 1999-2000, two things stood out. First of all, it has changed to an accrual system, which meant that we had to interpret it in a substantially different way and endeavour to relate it back to what had happened in the previous year. For that reason, I have no doubt there were attempts to obscure things and to make it somewhat difficult to try to make comparisons.

The only way we could try to compare the two Budgets was on a cash to cash basis. When we looked at that and that little note that was put in one of the Treasury booklets, comparing a cash accounting system with a cash accounting system we found that there is a \$1.2 billion deficit in this Budget for the first time ever. That has to ring alarm bells for everyone. Couple that with the fact that also in this Budget was the introduction of the assets tax and honourable members can see that we are really on a potential slippery dip.

The assets tax is probably one of the most dishonest taxes one could ever imagine. Next year a Minister may say, "I have a budget increase of \$30m in my particular department", but of that \$30m, \$5m or \$6m is going to be taken out for the assets tax. I make it quite clear that every single day of this financial year every single department of the Beattie Government is accruing a liability for the assets tax as the departments' net asset values increase. So, as they spend their capital works budget and as they make allowance for depreciation, at the end of the year they will end up with an increase in their net asset value. They have an assets tax liability of 6% on that net increase, and that is due and payable on the very first day of the next financial year. That money will be extracted out of their budget by Treasury. In our committee's deliberations, the Minister did not want to discuss that at all. He did not seem to understand how he was building up the liability this financial year.

I would like to turn briefly to the Police budget. On a budget to budget basis there was a 4% increase, but looking at it on an actual to budget basis, it was a 0.1% increase. Just looking at the Police Service itself, this year it is facing a 4% increase due to the enterprise bargaining agreement. A very, very substantial amount of the Police budget is for the payment of wages, which are subject to this 4% EB rise. That is going to soak up the vast bulk of the 4% increase on a budget to budget basis.

On top of that there is the 325 to 350 net increase in police numbers this year. They have to be paid for. There are a number of other programs that the Government said it was going to introduce that are going to cost a number of millions of dollars. How can it pay for them on a 4% budget to budget increase? There is no way it can pay for them, unless certain cutbacks are made within the various regions and departments of the Police Service.

The Minister's output statement measures were very, very disappointing when one takes into account the massive increase in police numbers over the past three years that has occurred through the recruitment program introduced by the coalition Government. Then one picks up the statements and sees that the average targets set for next year are exactly the same as the actual targets that were achieved last year. I think the public of Queensland—the taxpayers of Queensland— would be wanting

to see an improvement through the massive increase in numbers of police, unless we are going to stand still. If we have these extra police, the Government must have targets that bring about a higher level of perception by the public that their area is safer; it must have targets set for increased clear-up rates, otherwise what has been the point of the exercise of spending millions of dollars in training and putting in place these extra police? The key thing that came out of our discussions is the Minister's constant refusal to acknowledge the assets tax and the impact it is going to have on Corrective Services and on the Police Service when we come to 1 July next year.

Finally, if one looks at the Corrective Services capital works budget of last year, which was \$181m, one finds that some \$40m, or 22%, was unspent. The Minister was forced to acknowledge that that was unspent. It shows a distinct lack of supervision on a month-by-month basis throughout the year to see that timetables were met. The serious problem in Corrective Services is that it has had to borrow \$174m to fund the new jails. The money was borrowed, but Corrective Services has never had to borrow before. Interest will have to be paid on that borrowing. When the asset is paid off, it becomes an increase in the total asset value and is then subject to a 6% asset charge. It is a double hit.
