



Speech by

**Dr DAVID WATSON**

**MEMBER FOR MOGGILL**

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Hansard 20 June 2000

### **GST AND RELATED MATTERS BILL**

**Dr WATSON** (Moggill—LP) (Leader of the Liberal Party) (2.58 p.m.): The GST and Related Matters Bill is drafted to facilitate the integration of the new Federal tax system with State charges, fees and levies in accordance with the intergovernmental agreement signed earlier by Premier Beattie. This Bill outlines the schedule for the required abolition of State charges, fees and levies and amends certain charges, fees and levies to offset the impact of the new taxation system.

While this particular Bill deals with a number of different Acts of the Parliament in a Schedule, the most important areas, I suspect, are payroll tax, fuel subsidy and stamp duty. Having analysed the Bill in some detail, I make the comment that the things that have been left out of the Bill are more important than the things that have been included in the Bill. I believe in many ways it is more accurate to describe it as a Trojan horse into the hip-pockets of all Queenslanders. I think this Bill also demonstrates—and I intend to elaborate on this in other parts of my speech—how absolutely hypocritical this Government is when it comes to the issue of the GST.

Let me turn first to the issue of stamp duty. While the Bill exempts the GST components in relation to rental businesses and hire-purchase agreements, this is not generally the position that has been adopted by this Government. While we think it is laudable that the GST components of those areas are exempted from the application of stamp duty because of the cascading effect that these taxes might end up having, when it comes to stamp duty in general we find it is being levied on the component which was the ordinary component of a transaction plus the GST. So when it comes to the broad range of stamp duty, including things like workers compensation premiums, we find that stamp duty is being applied not only to the central area being stamped but also to the GST. By making the calculation in this way, the Government is effectively increasing stamp duty by up to 10% and therefore increasing the stamp duty revenue.

This can really only be described as a conscious decision to rip the money out of the pockets of ordinary Queenslanders. As I have said before in this House, this is tantamount to a tax on a tax. It is a blatant money grab by a financially inept and bankrupt Government, which is attempting to blame this on the GST.

**Mr Schwarten:** Is this an attack on your colleagues in other States?

**Dr WATSON:** I take the interjection. It will be interesting to see, when the legislation comes before the other Parliaments around Australia, whether or not the Minister's assertions end up being factually based. It will be interesting to see whether or not the assertion that he has made has actually borne fruit when the legislation comes before other Parliaments.

**Mr Schwarten** interjected.

**Dr WATSON:** We will see whether that ends up being the case.

Irrespective of that, the fact of the matter is that this Government is imposing a tax on a tax. When people examine their workers compensation premiums or their household insurance policies, they will find that the stamp duty is being applied to the GST component. So irrespective of what other States may or may not do, the fact is that this Government is taking advantage of it. The hypocritical part of this is that this is the very Government which is attacking the GST. This is the very Government which is crying on one hand that it is against the GST but on the other hand is blatantly profiting from its

application. I will talk a bit more later about some of the hypocritical attitudes of the current Treasurer on this issue.

The bottom line in all of this is that, when it comes to stamp duty, while a couple of aspects of stamp duty are being exempted in this Bill, what is not included in the Bill is far more important than what is included. The Government may be excluding the GST component on hire-purchase agreements and certain rental businesses, but the vast majority of stamp duty is applied to a range of other activities undertaken by private individuals and stamped by the Government, and that vast majority of transactions will have a stamp duty applied to the GST component of the final price. That is the important point to remember.

I turn now to payroll tax. This Bill will amend the Payroll Tax Act 1971 with the objective of removing the GST component associated with wages to make sure that it is exempted in the calculation of payroll tax. Of course, most wages are not affected by the GST in any case, but there may be some aspects—such as directors' fees or agency fees—that may be subject to the GST, and the GST component is being exempted from the payroll tax net. This would be very small bikkies to the Treasury and to the Treasurer. Earlier this financial year, we saw this Government's actions in terms of expanding the payroll tax net. Businesses in Queensland are paying a higher effective rate of payroll tax than they have paid in years. They are paying a higher rate of payroll tax—

**Mr Hamill:** It is the lowest payroll tax in the country.

**Dr WATSON:** Businesses in this State are paying a higher rate of payroll tax than they have paid in years because of what the Government has done. The Treasurer knows the reason. At the moment the rate in Queensland is 5%. From 1 January this year to 30 June this year, the Government has expanded the payroll base by including superannuation—7%—which makes for an effective rate of something like 5.23%. Of course, it is being dropped to 4.9% on 1 July and then 4.8% a year or so down the track, but in the meantime the superannuation payments will move from 7% to 8% to 9%, so the effective rate will still be greater. If the Government wanted to cut payroll tax, it would have agreed to the amendment that we moved at the time, which cut the payroll tax rate to 4.7% from 1 January this year and to 4.6% in the future.

It is no wonder that the Treasurer and this Government can be generous, so to speak, with the exemption of certain very minor aspects of wages and salaries from the payroll tax net. For the first six months of this year the Government has been subjecting businesses in this State to a higher rate than they have paid in years. The small reduction they will get on 1 July will not compensate them for the increase in the net. The Government has substantially increased the payroll tax base, and that means a substantial net increase in the payroll tax being paid by Queensland businesses.

It is no wonder that the Government cannot meet its 5% unemployment target. It is no wonder that businesses are not investing in Queensland. It is no wonder that business investment—and if the Treasurer looks at his own economic reports, he will know this—has been plummeting in Queensland for the past 18 months, because business knows that the Government is anti-business, anti-investment and anti-jobs.

**Mr Lucas:** Ha, ha!

**Dr WATSON:** Just look at the figures. If the member does not believe me, he should look at the figures produced by Treasury. When he looks at Treasury's figures, he will discover that business investment in this State has dropped dramatically under this Government. It was rising before the election, but under this Government it has dropped dramatically. That is because of the policies introduced by this Government, including industrial relations policies, workers compensation policies and payroll tax policies. The Government has put another nail into the coffin of business. Under this Bill the Government is providing minor compensation, but the reality is that the major grab with respect to payroll tax has come at a different time.

When business operators look at this legislation they will not be particularly impressed by the fact that certain directors' fees and such things will be subject to GST, but the GST component will not be included in the payroll tax net. The reality is that the payroll tax net has been expanded dramatically and these people are already paying higher payroll tax.

A couple of weeks ago we flushed out the Treasurer and the Minister for Mines and Energy in respect of increased power prices. The Treasurer and the Minister for Mines and Energy were going to approve power price increases which were to be introduced on 1 July and which were going to be blamed on the GST. The Government tried to do the same thing with respect to the fuel subsidy. The Government was ready to blame another level of Government for its own actions. However, the coalition released the information.

The reality is that this Government has mismanaged the power industry. It has been ripping dividends from the power industry at a rate which is unsustainable. The boards of these corporations, which were appointed by this Government, have told the Ministers concerned that this could not be done. The chairmen of the respective boards told the Treasurer, the Minister for Mines and Energy and

the Government that it was not possible to take 95% of after-tax profits out of the power industry and still maintain the industry in a viable state. The Government was told that the corporations could not meet their maintenance requirements and could not continue to put power facilities underground.

These warnings were contained in letters written to the Government and, as a result, they are on the public record. The chairmen of the boards told the Government that they were not going to pay these amounts, but the Treasurer and the Minister for Mines and Energy directed that these dividends had to be paid. The representatives of the corporations received the following legal advice, "If you go ahead and pay the dividends that the Treasurer and the Minister for Mines and Energy are demanding, you are abrogating your fiduciary duties as a director under the Corporations Law and you will be potentially liable."

The only escape that the corporation representatives had was to make sure that the Treasurer and the Minister for Mines and Energy directed them to act in a specific way under the GOC Act. That is what those opposite did. The Treasurer and the Minister for Mines and Energy are not responsible for the day-to-day running of the corporations. This allows the Treasurer and the Minister to act irresponsibly in this area. The dividends and the taxes have been ripped out of the corporations. By way of compensation, the Government is going to allow the corporations a 3% increase in prices. The power corporations asked for a 6% increase in prices. The Government pretended to protect the hip pocket of Queensland taxpayers by saying, "No, we are not going to allow a 6% increase; we are only going to allow them a 3% increase. We are also going to blame it on the Federal Government." That is how this Government works. It is obvious that what has been left out of the Bill is more important than what is in it.

Let us speak about another aspect of the Bill, a matter which has come to prominence over the past 10 days. I refer to the fuel subsidy scheme. We have a Government and a Treasurer who are desperate to get money to fill this year's black hole. The problem was caused by the Government's raiding the electricity industry. The Premier admitted that dividends were down by \$110m. Royalties had fallen by \$100m. We know that those royalties will not be replaced because, as a result of this Government's policies, there is no new investment in mining. Investors are being discouraged from investing in new mining projects. We know that we have already lost at least \$210m. We can expect more losses as a result of decisions made by this Government.

We know that the Government has mercilessly raided the electricity industry over the last couple of years. That well is starting to run dry and the Government is looking at other avenues. As a result, the Treasurer came along with this great idea of giving motorists a bribe of \$150 or \$180 reduction in registration fees, whilst at the same time putting in place a de facto fuel tax.

What were the arguments used by the Government? It is quite usual for the Premier and his Government to start off with one argument and finish up with another. It was argued by the Government that the fuel subsidy was not getting to the motorist. How did the Government try to justify that statement? The Government chose places at random in New South Wales, Queensland and Victoria and asserted that because the price of petrol per litre at Longreach may have been not very different from the price at Dubbo, that somehow indicated that the 8.3c per litre fuel subsidy was not being passed on.

All the objective and empirical evidence that was available to the Government was ignored. The RACQ said that the fuel track system showed that in the period from August 1998 to March 2000 the price of petrol in Queensland was consistently 8.3c per litre less than the price anywhere else in Australia.

**Mr Welford:** Rubbish!

**Dr WATSON:** Rubbish? I would not expect anything more from a lawyer. He should go back to where he is supposed to sit if he wants to object. However, I would not have expected him to have learnt even that simple fact. Anyone who knows anything about mathematics or graphs would see that the difference there—

**Mr Hamill:** You have got it upside down.

**Dr WATSON:** The Minister would not be able to tell if he was upside down, or which way around he was. The RACQ said to the Government, "You have got it wrong because the graph shows that the 8.3c per litre subsidy is being consistently applied."

**Mr Schwarten:** Come and tell the people of Rocky that.

**Dr WATSON:** The people of Queensland told the Government that it was wrong; that is why it backed down. The people of Queensland told this Government that it had made an absolutely stupid decision. The people saw through the rort that the Government was trying to pull. They saw through what the member for Rockhampton and his colleagues voted for. How did the member for Rockhampton vote in Cabinet? Did he vote for it? Of course he did! That political genius, the Treasurer,

also voted for it. There is no doubt that he and "Rocky" voted for it and tried to impose a fuel tax on Queenslanders. The matter went to caucus and all members of caucus supported it as well.

**Mr Schwarten:** Are you saying they are getting the subsidy in Rocky?

**Dr WATSON:** What I am saying is that the RACQ information on fuel tax shows that Queenslanders were consistently 8.3c per litre better off across the board. However, we do not have to worry about what the RACQ says. I refer honourable members to what the Australian Bureau of Statistics has had to say on this matter. The Bureau of Statistics has tracked these things ever since the coalition was in Government. It has covered average retail prices for many years. I go back to the March quarter of 1998 when the coalition was in Government. At that time the price in Brisbane for 1 litre of unleaded petrol was 61.7c and in Sydney it was 71c.

**Mr Welford:** When was that?

**Dr WATSON:** March 1998. The Bureau of Statistics started then and tracked the prices right through until now. I will go through every quarter. The empirical evidence from the Bureau of Statistics shows categorically that in the June quarter in 1998 the price of a litre of unleaded petrol in Brisbane was—

**Mr Hamill:** There is much more to Queensland than just Brisbane. What about the regions?

**Dr WATSON:** It is possible to go to the regions and undertake comparisons. In June 1998 the price in Brisbane was 62.1c as compared with 72.3c in Sydney; in the September quarter of 1998 the figures were 59.2c for Brisbane and 70.3c in Sydney; in the December quarter of 1998 the figures were 59.5c in Brisbane and 68.3c in Sydney; in the March quarter of 1999 the figures were 57.9c in Brisbane and 66.4c in Sydney; in the June quarter of 1999 the figures were 60.9c in Brisbane and 70.1c in Sydney; in the September quarter of 1999 the figures were 67.5c in Brisbane and 75.8c in Sydney; in the December quarter of 1999 the figures were 67.3c in Brisbane to 76.9c in Sydney; in the March quarter of 2000 the figures were 72.3c in Queensland and 82.6c in Sydney.

If the Government had bothered to look at the figures compiled by the Australian Bureau of Statistics over the past two and a half years, if it had asked Treasury what the figures were before it came out and said that the 8.3c a litre subsidy was not being passed on to consumers, and if it had looked at the fuel tracking that was on the Internet, it would have been able to tell that its initial assertion that the 8.3c a litre was not being passed on to consumers was fallacious. However, the Government did not, because that did not suit its political agenda.

**Mr DEPUTY SPEAKER** (Mr Fouras): Order! I suggest to the member for Moggill that he mention the GST occasionally in this debate.

**Dr WATSON:** Mr Deputy Speaker, I will refer to the Bill for a moment. Part 4 relates to the amendment of the Fuel Subsidy Act. That runs from pages 8 through to page 14.

**Mr DEPUTY SPEAKER:** I appreciate that.

**Dr WATSON:** So it is very—

**Mr DEPUTY SPEAKER:** But it is the impact of the GST on the fuel subsidy.

**Dr WATSON:** But it is a very substantial part of the Bill, with all due respect, Mr Deputy Speaker.

**Mr DEPUTY SPEAKER:** I thought that you could relate it to the Bill, just to make life easier for me.

**Dr WATSON:** It is related.

**Mr DEPUTY SPEAKER:** Right. It just makes my life easier in terms of contributions being relevant to the Bill.

**Dr WATSON:** I understand that, Mr Deputy Speaker. As you know, I am particularly concerned about that. However, the important point to make is that this Bill is all about the fuel subsidy. The fuel subsidy is an essential and most dominant part of this legislation, except, I should say, for the intergovernmental agreement that is contained in one of the Schedules.

**Mr DEPUTY SPEAKER:** Dr Watson, we are not in disagreement. However, we are still debating the impact of the GST.

**Dr WATSON:** I will finish the point that I was making. On 1 July, when the GST is to be introduced, this Treasurer and this Government was going to try to slip through a change in petrol prices and blame any variation on the GST.

However, after announcing the direction in which the Government was heading, it asked the fuel companies to give it some information. Did the fuel companies support the Government's assertion that the 8.3c a litre subsidy was not being passed on to consumers? No, they did not do that.

**Mr Kaiser:** What would you expect?

**Dr WATSON:** They gave me the information, because I asked them for it. No-one else would ask them.

**Mr Hamill:** Do you want to know what they said?

**Dr WATSON:** I know what they said, because they sent the information to me. They also sent it to the Minister for Fair Trading, and they sent it to the Treasurer.

**Mr Hamill:** I will tell you what they said. They said, "We pass it on but we can't guarantee it gets to the bowzers."

**Dr WATSON:** I do not care what the Treasurer says the fuel companies said. The fuel companies said this to me—

"Further to our discussions with the Premier, the Treasurer and Minister for Fair Trading last week I would like to pass on the following.

Much misinformation has been spread in recent days regarding the gap between Brisbane and Sydney petrol prices."

That is code for saying that the Premier and the Treasurer are not telling the truth. I would have said something else, but it would have been unparliamentary; however, it would have been far more accurate. The fuel companies stated that "much misinformation has been spread" because they know that the Premier and the Treasurer tried to bucket them and blame them for not passing on the fuel subsidy. The fuel companies stated further—

"As you can see from the graph below, so far this year, average petrol prices at Shell's Brisbane petrol stations have been 9.6 cents a litre cheaper than in Sydney. This demonstrates that the excise subsidy is being fully passed onto the consumer."

Members can see the little graph that I have that demonstrates the effect of that 8.3c a litre subsidy on Brisbane fuel prices. Members can see that, for most of the time, the price differential between Brisbane petrol prices and those of other cities is well above 8.3c. There are a couple of little fluctuations at the end. However, on average this year the price differential was 9.6c a litre, not 8.3c a litre. That is actually greater than the subsidy. That shows the competitiveness and the cost structure of petrol prices in Brisbane compared to the cost structure in Sydney.

So the information that the Premier and the Treasurer received from the fuel companies was that their assertion was fallacious. However, the Premier and the Treasurer blamed the fuel companies and continued their politically inspired campaign—a campaign that was directed to one thing and one thing only: to impose a fuel tax on Queenslanders to help out the forthcoming Budget—

**Mr Hamill:** How are you going to impose a fuel tax in Queensland?

**Dr WATSON:** In essence, that is what the Treasurer was doing, imposing a fuel tax in Queensland.

**Mr Hamill:** How was it going to be imposed?

**Dr WATSON:** It was done, firstly, to help out the Budget this year and, secondly, so that the Government could capture any increase in volumes associated with future expansion when the Government received the GST payments. It was about filling in a black hole because of the one-off gains that the Government would get from its double dipping—getting the registrations in advance and then getting the extra 8.3c a litre—and as volumes grew in the future, as prices increase and the whole thing is related to the GST, the Government was going to get a revenue advantage in future years. It came unstuck.

**Mr Hamill:** How was that?

**Dr WATSON:** Because the volumes are related to the petrol. As they go up, the Government will get the extra amount. All the GST payments are going to come to the Government. That is how it was going to be done. I am not going to go into those details, because it is not particularly relevant.

**Mr Welford:** So the subsidy doesn't go up when the volume goes up.

**Dr WATSON:** The subsidy is based upon cars, not on the volume of petrol. The Minister knows that.

**Mr Hamill:** The subsidy is based on cents per litre.

**Dr WATSON:** I meant the registration subsidy. I thought that is what the Minister was talking about. At any rate, that was the objective, and it came undone because Queenslanders saw through the Government. They could see the rort; they could see the nonsense that the Government was trying to pull. It was as simple as that.

I turn now to the other alleged rorting that we are starting to see. The Government is now putting forward the fact that we have cross-border trade. There probably is some cross-border trade. We have to find out the percentage of that. However, I refer to some facts that should be addressed. The

alleged rorts total \$100m, although when I talked to the oil companies and that figure came up, they said that they could not substantiate the \$100m that the Government was claiming. They said that the Government picked a figure and ran with it. The amount of fuel that is required to create this rort of \$100m is 1.197 billion litres of fuel. Over 365 days, that represents 3.279 million litres of fuel per day that needs to be trucked across the border. At 55,000 litres a tanker, that is 60 tankers. So for every day of the year we have to have 60 tankers travelling across the Gateway Bridge down south, which the Office of State Revenue cannot pick up.

**Mr Lucas:** The Caltex refinery is this side of the river.

**Dr WATSON:** BP is on the other side of the river. At any rate, 60 tankers a day are heading down south—

**An Opposition member:** Invisible tankers.

**Dr WATSON:** Yes, it would have to be 60 tankers a day. Not only that, I am told that there can be, essentially, a DNA signature on the fuel. If we want to, we can actually track where the fuel goes. It may be tough, but we can do it. So we can find out precisely at which service station that fuel ends up.

If the Government's assertion is that a \$100m rort is taking place, that means that at least 60 tankers a day are heading south, yet the Government cannot pick up on that. Its argument is not credible. If the number is as high as that, we ought to be able to find them and stop this from occurring. That is the reality. The Government cannot substantiate its assertion that that volume of fuel is going across the border; it is unable to track them down and stop this from happening.

The Government's attempt to use the GST as a Trojan horse to apply a fuel tax in Queensland—with the State Government reaping the benefits—has been exposed for what it is: a fraud. It was about the Government's budgetary position and nothing else. It was not about trying to put money into the pockets of ordinary Queenslanders, it was about taking money out of their pockets. The Government was going to give the money to them somewhere else and cream off a significant portion in the process. That is what it was about.

Let us look more generally at this Government's and this Treasurer's position with respect to the GST. We have heard consistent complaints from the Treasurer about the GST and its effect on Queensland. Yet not long ago—and this will be embarrassing for the Treasurer—he wrote to the Federal Treasurer asking him not to exempt too many things from the GST, because that would affect the amount of GST revenue to the State. I will read that letter, which the Federal Treasurer disclosed in the Federal Parliament. David Hamill wrote to Mr Costello, stating—

"As you are aware, broadening the existing list of GST-free items has the potential to adversely impact on the quantum of GST revenues that are available for distribution to the Commonwealth and State/Territory Governments for the delivery of core services. While I appreciate that the estimated GST revenue from unscheduled dermatological medicines (around \$2 million nationally) may not be material within the context of the total GST revenue pool, changes to the GST-free list for these products may set a precedent for other parties to seek relief from the Commonwealth's GST regime."

On the one hand, the Treasurer was trying to argue publicly against the application of the GST. He was railing against the Federal Government. However, both the Premier and he rushed down to Canberra earlier than anybody else. It is said that the Premier of Queensland had to be restrained in his eagerness to sign the agreement. Not only was Peter Beattie pushing out all of the other Premiers in private and railing against the GST in public; in private the Queensland Treasurer was saying to the Commonwealth Treasurer, "Look, it doesn't matter what I say in public. I don't want you to affect the GST revenue coming to Queensland and the other States. I don't want you to exempt anything from the application of the GST, because it might affect the revenue that comes to the States." There was nothing in this letter about a fairer taxation system or about the promotion of a special exemption for particularly needy areas, just a plea to the Federal Treasurer to permit no further exemptions. That is what it was about.

When this was disclosed, the Treasurer wrote another mealy-mouthed letter to the Federal Treasurer. He was trying to argue that the Federal Treasurer should not have released the letter. In his letter, Mr Hamill stated—

"Contrary to your cynical deception of the Parliament yesterday, Queensland has consistently recognised the need for this unfair tax to be made fairer wherever possible through an exemptions regime."

That is what he said in the second letter after he was found out. But in the first letter he said quite clearly, "Don't exempt anything, because changes to the GST-free list for these products may set a precedent for other parties to seek relief from the Commonwealth's GST regime." In private he was imploring the Commonwealth not to exempt anything. When he was found out, he provided the second-rate excuse that his Government supported fairness. Nothing about fairness was mentioned in

his letter—nothing whatsoever. Time and time again, Mr Hamill has been caught out. Queenslanders are able to see through the Labor Party, which is willing to cry foul publicly about the GST but which privately urges its implementation and continued operation so as to grow its revenue base.

Interestingly, as I mentioned in my speech earlier today during Matters of Public Interest, this Government has argued about the effects of the GST on Queensland and has stated that somehow the GST will make it more difficult to reach Mr Beattie's 5% unemployment target. Originally, it was a three-year target. Then it was a five-year target. Now it is not really a target at all.

Interestingly, the heads of Treasuries signed a document—and this was an important part of the document signed by Premier Beattie—addressing the methodology to estimate the guaranteed minimum amounts that should go to the States. That document stated—

"The growth dividend is included in the calculation of the Guaranteed Minimum Amounts in recognition of the higher tax revenues that will flow to Governments because of the positive impact of tax reform on economic activity."

Again, the Premier and the Treasurer were willing to sign a document with the Commonwealth stating that they recognised, and agreed, that the introduction of a GST—a broad-based consumption tax replacing the antiquated wholesale sales tax—and the personal taxation benefits under the new broader tax system would boost economic growth. That boost has been estimated—and this was in that same document—in the longer term to be as high as 2%. They were willing to sign off on that, but then they came back to Queensland and argued that they could not meet their goals because somehow the GST would be a drain on economic activity and the ability to create jobs in Queensland. They said one thing in private, when they did not think this issue was going to attract too much media attention.

**Ms Struthers:** It is like signing a police statement under duress. What sort of choice is that?

**Dr WATSON:** This was the methodology agreed by the heads of Treasuries for how it would be calculated.

**Ms Struthers:** We didn't support the GST and you know it.

**Dr WATSON:** They were willing to sign off on it and the methodology. There was nothing in any of the communications indicating that they did not agree with the methodology. They signed off on the methodology and agreed that the introduction of the new tax system would lead to a 2% increase in economic activity. That increase translates into new investment and jobs. That is what they were willing to sign off on in private. However, in public they adopt a completely different and hypocritical position. They say one thing and do something else. The hallmark of this Government and this Premier is to say one thing at one point in time and do something different at another point.

Let me speak also about one other aspect that I find interesting, to say the least. The member for Mooloolah might speak about this issue later on. This Government has been doing little other than wail and whinge about what it perceives to be the negatives of the Federal Government's new taxation system. Of course, it is attempting to score cheap political points instead of looking after the interests of first home buyers in Queensland.

While we passed that legislation just recently, it was introduced and passed through this House with a distinct lack of promotion of the scheme by the Government, particularly when one considers that this Government was able to find half a million dollars—or I think the Treasurer said \$391,000 this morning—to squander on advertising its fuel tax rort. It was able to find \$391,000 to advertise that, but it was not willing to spend any money advertising a very important aspect of the introduction of the new taxation system and that, of course, was the first home owners grant of \$7,000 to compensate first home owners for the impact of the GST.

I have one ad here, which I think appeared in the Townsville Bulletin. It states—

"To help offset the effects of the GST, first home owners buying or commencing to build their home on or after 1st July will be eligible for a \$7000 grant through the Queensland Government."

That was part of the agreement that was reached with the Federal Government to get the revenues to the States.

The deceit that is perpetrated on the taxpayers of Queensland is immense. On the one hand, in order to receive the advantages of the new taxation system, part of the agreement was the setting up of the first home owners grant scheme. That aspect must be taken into account in terms of the compensation that comes back to the States. In fact, the first home owners scheme was initiated and developed by the Federal Government. The payments to the State following the introduction of the new tax system will have had the cost of the first home owners grant scheme factored into them. We should not be surprised because, as I said earlier, the hallmark of this Government—the hallmark of the Premier and the Treasurer—is that it says one thing at this particular time and says something different

somewhere else, or it will say one thing at a particular time but its behaviour, its actions, are contrary to its assertions.

As I said at the beginning, this is a Bill which unfortunately leaves out many more things that are important than it includes. It certainly makes some adjustments that are necessary for the introduction of a new taxation system, but the Bill leaves out the major areas that this Government is still grabbing revenue from. Once the new tax system revenues are flowing to this Government and we know what the final revenues are, it will be interesting to see how much credit this Government takes for a better financial position for this State. As the tax revenues come through it is going to be interesting to see how much credit this Government will take for achieving a better financial outcome.

**Mr Hegarty:** I wonder how much roll back there will be.

**Dr WATSON:** That is another point—how much roll back there will be. Members will find that there will not be too much roll back. There will not be any backdown from Federal Labor or State Labor with respect to that because they know that the States are going to be in a better financial position with it than without it. Despite the poor financial performance we have seen so far from this Government, that poor financial performance will be somewhat attenuated by the introduction of a new tax system federally. In the future I would like to see the credit go where the credit is due. I doubt we will see that. The Opposition will be supporting the Bill.

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