



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard Wednesday, 1 March 2006

MINISTERIAL STATEMENT

Goods and Services Tax Revenue

Hon. PD BEATTIE (Brisbane Central—ALP) (Premier) (9.34 am): The Commonwealth Grants Commission will release its 2006 update report today at 5 pm. The Treasurer will comment in more detail on this report this afternoon but, as I have already indicated, our share of GST revenue is set to be substantially slashed. Ironically, because we lead the country in economic growth, we are set to be penalised. Money will be siphoned off to other states and territories that are not performing as well as Queensland. The new figures will make a mockery of the whingeing by New South Wales and Victoria that Queensland receives favoured treatment. I am certainly not happy, but our government will continue to support the system of horizontal fiscal equalisation used by the Grants Commission. The grants are determined by a formula that takes into account a number of factors, and it is independent, it is fair and it is equitable. However, this certainly is not the case when we look at other revenue sources from the Howard government.

In the vital area of specific purpose payments, we are set to receive \$269 million less than our per capita share this financial year. Given that Queensland accounts for nearly one-third of Australia's population growth, we should be receiving a higher per capita share of specific purpose payments, and certainly not less. I offer two key examples where we are being ripped off. Firstly, I table for the information of members a table comparing the relative contribution to public hospitals over the 10 years from 1998-99 to 2007-08, covering the current and previous Australian Health Care Agreements. In that time, the state contribution will increase from \$1.069 billion in 1998-99 to \$2.369 billion this year and reach \$2.857 billion by 2007-08. That is a cumulative increase of 158 per cent, or equivalent to an average annual growth of 11 per cent.

Over the same period the Commonwealth contribution will increase from \$1.046 billion in 1998-99 to \$1.602 billion this year and reach only \$1.812 billion by 2007-08. That is a cumulative increase of only 73 per cent or about six per cent per year. Whereas in 1998-99 the Commonwealth funded nearly 50 per cent of our public hospitals in Queensland, by 2007-08 that share will have fallen to less than 40 per cent.

The second example is the key area of infrastructure. The Commonwealth has dramatically reduced its commitment to infrastructure in the past 10 years or so. In 1993-94 the Commonwealth funded, either directly through its own expenditures or as a result of capital grants to state and local government, a total capital budget of nearly \$9.5 billion. This represents about 2.1 per cent of Australia's gross domestic product. By 2003-04 under the Howard-Costello government that total capital budget plummeted to only \$7.5 billion, less than one per cent of the gross domestic product. In Queensland its contribution to our state capital program has dropped from 28 per cent in 1993-94 to a miserly six per cent this financial year. The Howard government is ignoring the needs of the fastest growing state in the country. It needs to recognise the remarkable growth in the Smart State and play its part in providing services and infrastructure for Queenslanders right across the whole state.