



Speech by

Hon. ANNA BLIGH

MEMBER FOR SOUTH BRISBANE

Hansard Tuesday, 5 June 2007

APPROPRIATION BILL

Second Reading

Hon. AM BLIGH (South Brisbane—ALP) (Deputy Premier, Treasurer and Minister for Infrastructure) (2.37 pm): I move—

That the bill be now read a second time.

Mr Speaker, this is the 10th Budget of the Beattie Government.

This is a Budget, like our government, firmly fixed on building Queensland.

The Queensland we are building is a Queensland which looks with confidence to the challenges of the future, a Queensland which leads the nation in economic strength and performance, a prosperous Queensland characterised by aspiration and achievement.

Mr Speaker, in thriving modern economies prosperity follows infrastructure. This Budget delivers the infrastructure to drive Queensland's continued growth, productivity and prosperity.

It delivers the economic infrastructure to propel economic performance.

It delivers the social infrastructure, the programs and services, to meet the needs of a growing population.

It delivers the intellectual infrastructure to drive the ideas and innovation to equip us for the future.

This is a Budget that will keep our economy strong, fair and prepared.

Economic infrastructure

Mr Speaker, our Government is investing in the economic infrastructure of the State at an unprecedented rate.

Ten years ago, total capital spending was \$5 billion. Today we will commit to a capital program of more than \$5 billion in roads and transport alone and our total program will exceed \$14 billion.

This Government invests in infrastructure at levels far in excess of any other State.

Per capita we are investing almost 50 per cent or \$1,000 per person more than our nearest rival, Western Australia.

In this Budget the Queensland Government will spend almost 6 per cent of its gross State product on capital, compared with just one per cent of GDP by the Australian government.

Mr Speaker, we are not only planning and funding infrastructure, we are delivering it.

Our concerted efforts are delivering major projects making a real difference for Queenslanders.

During the next year—

- Cars and trucks will be driving on the Tugun Bypass and on the Boundary/Kelliher Roads underpass on the Centenary Highway;
- Swanbank and Tarong Power Stations will be using recycled water from the Western Corridor pipeline;
- Buses will be carrying passengers along the Inner Northern Busway, connecting them to 800 train services and 2,700 bus services at Roma Station every day;
- Trains will be carrying more goods on the Mt Isa Rail Line after a 600km track upgrade;
- Students will be learning in world class classrooms at the new Southbank TAFE;
- More coal will be loading at the new RG Tanna Coal berths in Gladstone;
- Electricity from Kogan Creek Power Station will be supplying homes and businesses; and
- The Titans will be winning games at Skilled Park Stadium on the Gold Coast.

Mr Speaker, with 62 per cent of Queensland in drought declared circumstances, water infrastructure in the parched south-east and across the State is a key priority in our extensive program of capital investment.

To deal with the urgency of this drought we have allocated \$2.5 billion to continue the accelerated implementation of crucial water projects in 2007-08.

The South-East Queensland Water Grid is a visionary approach to managing the growing regions' water needs. It is an unprecedented expansion of urban water infrastructure.

With the SEQ Water Grid we will make, store and move water where and when it is needed.

What eighteen months ago were mere dotted lines on a map today are pipes in the ground.

We have rescoped the Western Corridor Recycled Water Project, the key to our Water Grid.

This has not only boosted the capacity, but has brought forward the completion date.

This expansion and acceleration of the project comes at a total cost increase of \$630 million which will be drawn from the Queensland Future Growth Fund.

\$640 million is allocated in 2007-08 for the grid network of pipes to move water to where it is needed. The Grid will link supplies in Brisbane, the Gold Coast, in Redlands and on the Sunshine Coast.

New dams across the region will provide greater long term security of supply.

To Brisbane's south, \$65 million is allocated in 2007-08 to continue Wyaralong Dam and other infrastructure in the Logan catchment. In the North, \$285 million is allocated to continue the development of Traveston Crossing Dam.

Our Water Grid for South-East Queensland ensures we will never again see one part of the region parched while another is flush with water.

To build drought resistance in the regions there is \$16 million for the Yeppoon pipeline and an additional \$18 million will be spent to progress regional water projects including Eden Bann and Rookwood weirs and the Connors River and Nullinga Dams.

Assisting households to reduce demand for water is a key part of our strategy. In this Budget a further \$80 million will extend the successful Home WaterWise program.

This program has been embraced enthusiastically by Queenslanders with 170,000 successful Home WaterWise applications in the past 12 months.

One in every five South-East Queensland households has received support through the Home WaterWise Rebate Scheme.

One in every 10 South-East Queensland households has installed a tank with a rebate.

This overall package of measures will deliver water security for generations to come, but our ambitions go beyond water security.

Our Water Grid will put the south east corner of our State at the national forefront of efficient and sustainable use and re-use of water.

Mr Speaker, our roads are carrying more goods and people than ever in our history.

Many regions are feeling the pressure of growth, and this Budget responds with total transport and road funding across the State at \$5.8 billion.

With a 54 per cent increase over last year's Budget, over 50 per cent will be spent in the regions. In Northern and Far Northern Queensland, over \$300 million will be spent on roads next year. \$100million will be spent in the Darling Downs region.

This Budget allocates \$3.3 billion to investment on roads outside the south-east corner over the next five years.

Mr Speaker, there is also extensive funding in the Budget for roads and public transport to deal with South-East Queensland's growth.

There is a massive \$1.88 billion to get on with the duplication of the Gateway Bridge and upgrade of the motorway.

\$384.5 million this year will reduce congestion on the Ipswich Motorway, the vital artery between Brisbane and Ipswich.

The Government will invest a record \$1.2 billion in public transport infrastructure and service improvements in 2007-08 across the State.

We will boost services with \$70 million over four years to accommodate growth in passenger demand on public transport.

\$502 million is provided to upgrade infrastructure and rolling stock on the Citytrain network for commuters.

Mr Speaker, in 2007-08, major investments will be made in ports infrastructure with a capital program of \$558 million.

Funding will be provided to expand our RG Tanna and Abbot Point Coal Terminals. This will increase their ultimate capacity by around 35 million tonnes per annum to meet our booming coal and commodity exports.

There will also be a further \$120 million for the expansion of the International and Domestic Terminals at Cairns airport.

Our Government Owned Energy Corporations will be investing \$2.8 billion in 2007-08 on our electricity networks to ensure electricity supply security and reliability.

Next year will see the commissioning of Queensland's latest base load power station. Kogan Creek Power Station will supply 750 megawatts for the energy needs of our fast growing State.

Mr Speaker, our economic infrastructure program is being undertaken with a great sense of purpose and reflects our conviction that infrastructure drives economic growth.

In recent years, the strength of the State's fiscal position has meant that the Government has been able to significantly expand our capital base without borrowings.

The next stage of our ambitious infrastructure program will be partially funded from borrowings.

Given our population growth and industrial expansion, it has never been more important for the State to invest in infrastructure.

This infrastructure will benefit Queensland for generations to come. By borrowing money, we ensure that the burden is shared across those who will benefit—both the taxpayers of today and those of tomorrow.

In this Budget we are borrowing \$3.6 billion to fund capital projects of \$5.46 billion in the General Government sector.

The State remains lowly geared and debt servicing costs have remained low, with interest costs as a proportion of revenue averaging just over 2 per cent over the forward estimates.

Borrowing to meet this responsibility is affordable and appropriate and ensures intergenerational equity.

Most importantly of all—our borrowing program will build the roads, build the dams and pipelines, build the rail lines, build the schools and the hospitals that will keep Queensland moving. We will not slow down and we will not freeze growth.

Social infrastructure

Mr Speaker, strong economies are based on just, fair and safe societies.

Economic stability and security rests on social cohesion.

In this Budget, our Government continues its commitment to investing in the social infrastructure that provides the services people need to build secure and successful lives.

Stable employment is the single most critical factor in securing a decent quality of life for Queenslanders and their families.

For nine Budgets now, our mantra has been jobs, jobs, jobs. This focus has seen unemployment in Queensland plummet from 8.7 per cent in 1997-98 to an estimated 4 per cent in 2006-07 under the Beattie Government.

This year's Budget builds on that success with an allocation of \$81 million in targeted programs to ensure that the benefits of low unemployment can be shared by all.

Mr Speaker, we are living in a time when renting or buying a home is at its toughest in thirty years.

In this Budget we reaffirm our commitment to secure, accessible, affordable housing.

Our commitment extends to those who are vulnerable and struggle to access the private housing market. It extends to those who rely on affordable rental housing and to those seeking to own their home.

I am pleased to announce today that at the centre of this year's Budget is a new \$500 million, five year investment in social housing. This is the largest ever single injection of new funds into this area.

These funds will be allocated from the Future Growth Fund. This investment will deliver new housing stock to reduce public housing waiting lists.

In total, this initiative will build some 1,700 units of new accommodation and includes funds to improve housing in Indigenous communities.

Mr Speaker, many Queenslanders will rely on rental housing at some time in their lives.

Our Government understands that the rapid escalation in land values across the State is putting pressure on housing investors and that this in turn is passed on to tenants in rent increases.

As a result, this Budget will lift the individual residents' tax-free threshold on land tax from \$500,000 to \$600,000 and the exemption threshold for companies, trustees and absentees from \$300,000 to \$350,000.

These changes will apply from 1 July 2007. As a result some 6,000 resident individuals who would have paid land tax will not.

Another 4,000 companies, trustees and absentees will not pay land tax from 1 July 2007.

In addition to these reforms, a 50 per cent cap will be placed, for three years, on the annual increase in land values used for calculating land tax for all parcels of land other than newly-created lots.

This means that, in the face of large land valuation increases, no land tax payer will see more than a 50 per cent increase in their land value used for land tax purposes.

This will significantly reduce the impact of large movements in land valuations. This change will also apply from 1 July 2007.

This will provide a benefit to 4,500 residential land tax payers of Queensland and another 6,300 companies, trustees and absentees will also benefit.

In 2007-2008, these land tax measures will put \$50 million back into the pockets of property owners and investors.

Mr Speaker, home ownership remains the great Australian dream for Queensland families. This year will see the first full year of implementation of the transfer duty cuts for first homebuyers that took effect in January this year.

Building on that assistance in this Budget will be a 50 per cent reduction in mortgage duty from 1 January 2008, and the complete abolition of this duty from 1 January 2009. Annually, the full abolition of this tax will return \$435 million to homebuyers.

On a mortgage of \$250,000 full abolition will cut \$720 for a homebuyer and \$1,000 for an investor.

In addition to these Budget measures, our Government is focused on the barriers to affordability and will implement legislative and policy changes related to infrastructure charges, development approval processes and land availability to cut costs for new housing.

These matters have been the subject of detailed work with local government and the housing industry and will come before Parliament later this year.

Mr Speaker, we are making real progress in improving our public health services. Our Health Action Plan enters its second year of implementation with a budget increase of 12 per cent to \$7.15 billion for Queensland Health in 2007-08.

We are seeing results. In the Health Action Plan, we committed to increase the number of doctors by 300, nurses by 500 and allied health professionals by 400.

Queensland Health now has a net increase of more than 1,000 doctors, more than 3,000 nurses and more than 1,000 allied health professionals and scientists.

Mr Speaker, mental illness affects one in every five adult Queenslanders.

The experience can be temporary for some and lifelong for others. It can be debilitating and is often misunderstood.

A record injection of \$528 million over four years will open an extra 140 new psychiatric beds, employ an additional 360 clinical mental health staff and invest in new and improved community based services to support those with a mental illness to live and work in the broader community.

Mr Speaker, nowhere is our commitment to the needs of the vulnerable members of society more apparent than in our efforts for people with a disability.

In our first Budget we took total spending to \$219 million.

Our Government has increased funding in this area by 222 per cent over our nine previous Budgets. This year, the budget for disability services will be \$717 million.

Mr Speaker, in another key area of Government responsibility, protecting our children from abuse and neglect, our funding is now above the national average. Again, committed attention and investment sustained over ten Budgets, delivering real benefits to the most vulnerable.

The budget for Child Safety will increase by over \$48 million in 2007-08 to \$551 million.

Last Thursday marked the eighth anniversary of the Forde Inquiry Report into Abuse of Children in Queensland Institutions.

Having lifted the resources available to assist children who need our care and protection in the present we are now in a position to reconcile the wrongs of the past with a commitment of up to \$100 million for a Redress Scheme for people who were abused and mistreated as children in institutions.

Mr Speaker, community safety has been a Beattie Government priority in each and every Budget.

Today, we build on our strong record by increasing sworn police officers to 9,928 in this Budget with an additional 200 new police positions.

A further 200 new positions per year will be created in each of the two following years.

This Budget also provides nearly \$5 million for an eight-seat aircraft to be stationed in the Torres Strait to improve policing there and on Cape York.

The Budget will provide \$231 million for new and expanded prisons. A further \$69 million will extend and upgrade youth detention facilities and youth justice programs.

This includes more than \$17 million over four years for the youth justice conferencing initiative, which is a diversionary and restorative justice approach to youth crime.

Mr Speaker, this Government introduced the Community Ambulance Cover Scheme to replace the Ambulance Subscription Scheme.

This year the Queensland Ambulance budget will be boosted with the largest ever injection of funds in its history. An increase of almost \$50 million will see our investment in Ambulance Services exceed \$400 million for the first time.

The Community Ambulance Cover will generate revenue of \$128 million, just 31 per cent of the cost of the Ambulance Service.

The budget of the Queensland Ambulance Service has increased almost 60 per cent over the last five years.

In 2007-2008, the Queensland Ambulance Service will—

- employ an additional 250 ambulance officers;
- over 140 new and replacement vehicles;
- purchase around 135 new defibrillators;
- upgrade 17 stations; and
- build three new stations in a major response to demand across the State.

Mr Speaker, I deliver this Budget nine days after the fortieth Anniversary of the 1967 referendum which rightfully recognised the citizenship of Aboriginal and Torres Strait Islander Australians.

This Budget provides a number of specific initiatives for Indigenous Queenslanders, including—

- \$30 million over four years for new child protection services in Indigenous communities;

- \$56 million over four years for environmental health infrastructure in the Torres Strait;
- \$10.4 million over four years for new Indigenous justice initiatives; and
- \$10 million over four years for new education services for Indigenous children.

Mr Speaker, the Queensland we are building is a Queensland with a thriving economy, delivering opportunity and high quality services to its people.

Our Government will seek to ensure that the fruits of prosperity are shared by all.

Mr Speaker, in a Labor Budget, no one will be left behind.

Investment in Intellectual Infrastructure

Mr Speaker, investment in human capital, in knowledge, in skills, innovation and creativity will be the single biggest driver of successful, growing economies of the future.

It will be our investment in education, in science and in research and development that will not only mark us as the Smart State of Australia—it will give our economy the best chance of outperforming our competitors.

Education and training gives our people their best chance of achieving their full potential. It is also an investment in productivity and participation, the key drivers of economic growth.

In education, we have introduced a prep year in all Queensland primary schools, reduced class sizes, lifted the school leaving age, and streamlined the curriculum.

We are investing in the professional development of our teachers, we are building better classrooms and expanding our school-based apprenticeship programs.

Today we take the next step in building the capacity of our schools to meet the challenges of a twenty-first century knowledge economy with the commitment of \$70 million to ensure every Queensland State School teacher is wired to the future.

Under this program, every teacher, in every classroom, in every State primary and secondary school, will be provided with a laptop computer and the professional development they require to maximise the use of the technology.

The program will become a core part of education, with provision for regular equipment replacement to keep our teachers at the cutting edge of technology.

Schools in the non-government sector will receive around \$7 million to share in the benefits of this program.

Our government supports the right of every Queensland child to participate in education and this year's Budget allocates an additional \$30 million over four years to ensure that students with disabilities get the classroom support they need.

In 2008 we will see the first full age cohort enter prep in every Queensland primary school and an additional \$50 million will support that effort.

Up to 192 new teachers and teacher aides will be employed to help meet enrolment growth in Queensland schools.

Mr Speaker, skills development is a key plank in our economic strategy. Our \$1 billion Queensland Skills Plan is starting to deliver results with an increase in apprentices and trainees in training of 7.9 per cent compared to a decline in the rest of Australia of 1.8 per cent.

In this year, we will allocate \$17 million under this Plan to create 4,250 new trades training places.

Further funds of \$33 million will continue construction of the \$81 million Skills Tech Australia facility at Acacia Ridge and \$17 million will begin the construction of two more of these specialist training centres in Mackay and Townsville.

Mr Speaker, for nine years our Government has firmly held to our vision to make Queensland the Smart State of Australia with more than half a billion dollars invested to date.

Our ambitions for Queensland are global. Our investments are driving performance in emerging industries such as information technology, aviation, creative industries and biomedical research and enhancing the capacity of our traditional areas of strength.

In this Budget, we build on that investment with a further allocation of \$100 million into Smart State research and development.

Innovation and creativity are keys to the new economy. Our commitment to the Arts will take a step forward in this Budget with a commitment of \$12 million over three years to fund a new program of public art to enliven our public spaces.

Today, we also commit to the long term redevelopment of one of our capital city's iconic public spaces at the top of the Kangaroo Point cliffs. \$1 million will fund planning work for a world class International Centre for Sustainable Design on this site after the closure of the TAFE campus at the end of 2009.

Mr Speaker, nothing will call on our ingenuity more than the challenge of climate change.

The great task for responsible governments across the world is to position our economy and our community for a world dominated by global warming.

Most of our major trading partners are preparing to move toward lower emission economies.

To prepare for this future, our Government will allocate \$714 million, including \$400 million from the Future Growth Fund, in new funding over the next five years to respond to the climate change challenge.

Queensland has special responsibilities in this challenge.

We are the guardians of one of the natural wonders of the world, the Great Barrier Reef, which is extremely sensitive to temperature change.

We are a State with a substantial and valuable coal resource, supplying other nations.

Queensland needs coal to play a key role in future energy choices across the globe to sustain our own future growth.

Our Climate Change strategy includes a unique funding partnership with Australian coal companies to safeguard the future of the Queensland coal industry by investing in clean coal technology research.

We have established a \$50 million Queensland Renewable Energy Fund to support leading edge renewable energy demonstration projects. A further \$55 million will fund a Smart Energy Savings Program to assist industry to reduce energy demand.

The first project to receive funds will be the CSIRO solar thermal demonstration project.

This project will develop solar technologies that have real potential to reduce Queensland's future level of carbon emissions.

Currently, we invest in wind farms mainly in other States and other energy assets that do not provide for the development of cleaner energy in Queensland. With this Budget we will move to realise as much as \$300 million from the sale of our wind farm and Enertrade gas assets.

These funds will create Australia's first ever Climate Change Fund. The interest generated will provide an ongoing source of revenue to be used solely for climate change initiatives here in Queensland.

Our Government's decision to ban broadscale vegetation clearing is a major factor in Australia's progress towards Kyoto emission targets. This Budget includes a further \$26 million over four years for continued implementation of the Vegetation Management Framework for rural landholders.

Mr, Speaker, it is ideas and knowledge that will drive us into the future and with this, our tenth Budget, we take our effort in this area to a new level.

Sound Fiscal Management

Mr Speaker, outperforming the nation requires focused, determined and sound financial management.

In last year's Budget, we forecast an operating surplus of \$245 million for 2006-07.

Today I am pleased to announce that the 2006-07 operating surplus is now estimated to be \$2.393 billion.

While other States have net financial liabilities of \$517 for every person, Queensland has net financial assets of \$5,931 for every Queenslanders.

Mr Speaker, as a Government we have managed our assets to ensure the best outcome for the Queensland economy.

During 2006-07, the Government committed to and has recently completed the sale of electricity and gas retail businesses to ensure a competitive energy market.

Through this process the State realised over \$3 billion, which the Government has used to establish the Queensland Future Growth Fund.

The Future Growth Fund will ensure that this return on the energy retail assets is invested back into State infrastructure.

The Fund will provide—

- \$1 billion for enhanced water projects;

- \$600 million for commercial infrastructure including in the Government's energy corporations;
- \$500 million to social housing;
- \$500 million for transport infrastructure;
- \$300 million to clean coal technology research projects;
- \$100 million for renewable energy initiatives; and
- \$100 million to Smart State research and development projects.

These investments are about the future of Queensland and its long term economic growth.

Our strong economy has improved revenue to the Budget to enable us to expand services and infrastructure.

However, the relative economic strength of the State also impacts on our share of GST funding.

In 2007-08, Queensland's share of GST revenue will decrease by \$166 million. In contrast, the share for New South Wales and Victoria will increase by \$277 million and \$64 million respectively.

It is expected that Queensland will receive a less than per capita share of GST funding in 2008-09 for the first time since the introduction of the GST.

At the same time, Queensland is meeting its commitments under the 1999 Intergovernmental Agreement to abolish a number of State taxes.

In 2007-08 Queensland will forego \$465 million in State revenue as a result of commitments to cut taxes under the Agreement. This lost revenue will rise to \$1.2 billion by 2010-11.

Clearly, these outcomes impact on our capacity to continue to provide services to our growing population.

Mr Speaker, adjusting our revenue base to ensure that the tax burden remains fair and competitive has been a hallmark of our economic approach.

In this Budget, an increase in motor vehicle registration duty arrangements will ensure that services can grow, infrastructure can be built and the Budget will remain in surplus.

This measure will increase State revenue from vehicle registrations and transfers by around \$80 million in 2007-08 rising to over \$200 million per annum in the outyears. The additional revenue will assist with funding needs across the range of services delivered by the State Government, particularly in the area of mental health.

The measure is structured to provide an incentive for people to purchase smaller cylinder cars, encouraging positive environmental outcomes, particularly in relation to fuel consumption.

Mr Speaker, we are also working to reduce the compliance costs of business.

Queensland, in conjunction with other States and Territories, is working on a package of measures that increases the consistency of Queensland's payroll tax regime with the other States.

These changes, to be implemented from 1 July 2008, will reduce compliance costs facing businesses operating across State borders.

In total, the combined effect of all the revenue measures—that is, decreases, abolitions and increases—included in this Budget is a cut in tax revenue of \$49 million in 2007-08.

Importantly, Queensland will retain its competitive tax status with per capita tax estimated at \$2,226 in 2007-08 compared to an average of \$2,357 for the other states.

Strong Economy

Mr Speaker, the program of investment I have outlined here today is the result of a strong and growing economy—an economy experiencing rapid growth in demand, not just in resources but also across an increasingly diverse range of sectors.

It is the active economic management of the last nine Budgets—with investment in employment measures, investment in knowledge and skills, investment in industry attraction programs, investment in the development of new and emerging sectors such as aviation, marine, creative industries, biotechnology and biomedical research—that is bearing fruit in the strong, diverse economy of today's Queensland.

Our economic strength is being built by the determination and entrepreneurial spirit of Queenslanders, both the born and bred, and the many thousands who have been drawn here by the promise of opportunity in return for hard work.

It is their effort which has driven growth in productivity ahead of national productivity growth for the past decade.

Together, these forces have ensured that the Queensland economy in 2007-2008 will not only grow in strength and performance but will again outperform the nation.

Mr Speaker, consider Queensland's forecast performance in the next financial year:

- Queensland's Economic growth 5 per cent—national economic growth 3¾ per cent;
- Queensland's employment growth 3 per cent—national employment growth 1½ per cent;
- Business investment growth in Queensland 8¾ per cent—national growth in business investment—7½ per cent;
- Queensland's unemployment rate 4 per cent—national unemployment 5 per cent; and
- Queensland's population growth 2 per cent—national population growth 1¼ per cent.

Mr Speaker, to put these indicators in a regional and global context, the Queensland economy is forecast to grow faster than many industrialised national economies such as Japan, Germany, the United Kingdom and the United States. In fact, our economy is predicted to outperform 25 of the 30 member countries of the OECD and our rate of economic growth is forecast to be almost double their average.

Our population is growing at the same rate as the Philippines and at a faster rate than either the United States or India.

Conclusion

Mr Speaker, after 10 Beattie Government Budgets, Queensland is strongly positioned as the economic engine room of Australia.

With the 2007-08 Budget we reconfirm our vision for Queensland.

Our vision is for a Queensland with a booming economy, low unemployment and an enviable quality of life.

It is a vision of a knowledge-based economy that is globally competitive with higher-value jobs, enhanced prosperity and a sustainable economic future.

It is a State where our new industries are global leaders and our traditional industries are made stronger by the use of new technologies.

It is a State where development is delivered in a sustainable way—maintaining our environment and more carefully and efficiently using our resources.

It is a State which delivers the education and training, the research and development necessary to create opportunity and success in an innovative society.

It is a community that cares for its people and celebrates their diversity, their strengths and their abilities.

It is a Budget that keeps us strong, fair and prepared.

I commend the bill to the House.

Debate, on motion of Dr Flegg, adjourned.