



Speech by
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**TREASURY (COST OF LIVING) AND OTHER LEGISLATION
AMENDMENT BILL**

 **Mr PITT** (Mulgrave—ALP) (8.45 pm): I rise to debate the Treasury (Cost of Living) and Other Legislation Amendment Bill 2012. The opposition is aware that many families are doing it tough from cost-of-living pressures and, as such, we will not be opposing this bill, but we do have reservations about some aspects of the bill and will provide further comment on these aspects throughout the debate.

Labor will always support any initiatives that genuinely help out Queensland families. But at the same time, there are some disappointing aspects in relation to this bill, both in how it has been presented to the people of Queensland and in what has been presented. In the first instance, I want to discuss how this bill has been brought forward.

It is disappointing that the government has seen fit to declare this bill an urgent bill and bypass the committee system. The Premier has said publicly that the government is likely to bypass the scrutiny of our parliamentary committees for its election commitments. But we need to be realistic here and recognise that election commitments regularly do not contain all the details of a policy initiative. For example, in this case the information contained in several pages of an election policy document have now been translated into a bill that is 31 pages long. It is the role of this parliament to investigate the fine print of the bill and query whether the legislation as drafted is likely to achieve the government's stated policy objectives.

While the opposition will have an opportunity to query elements of this bill during the second reading debate, I believe that it would have been even more beneficial for the public to be given a chance to consider the details of this bill through a public hearing of the relevant committee. As the member for Nicklin pointed out when this bill was introduced, the main measures are not due to take effect until 1 July 2012. We believe that this allowed sufficient time for a committee to examine the bill, as the government could have nominated a deadline by which the committee reported. This is what the government has done with other bills introduced in the first sitting week of this parliament, and the same could have applied here.

Those members who served in the last parliament understand the benefits of the committee system and its capacity to review legislation and recommend improvements. It is sad that the government, by its actions, is basically declaring that it has all the answers and the public has nothing to offer. We know that that is not the case but, despite that, the government has embarked upon this course. Time will tell whether this proves to be a wise move or not.

Let us not forget that we are now into the third sitting week of parliament and this bill was introduced more than two weeks ago. If this bill is so urgent, why was it not brought on for debate last week? And if it could wait until now, until the third week of parliament, then why could we not have had a committee hearing last week involving stakeholders and other members of the public? That would have allowed enough time for the bill to be discussed by the relevant committee and the legislation would have been better for the scrutiny.

This bill contains five major initiatives: abolishing the need for sustainability declarations when selling residential dwellings; amending the Electricity Act 1994 to freeze the regulated standard residential retail electricity tariff at 2011-12 levels for one year; amending the Duties Act 2001 to, among other things, reinstate the transfer duty concession for second and subsequent homes; amending the Payroll Tax Act 1971 to increase the exemption threshold to \$1.1 million from 1 July 2012; and establishing an Office of Best Practice Regulation. I will speak to each of these initiatives in turn.

The issue of sustainability declarations has been one of concern for the real estate industry since their introduction. These declarations were introduced as a consumer protection mechanism. They were designed to provide more information to prospective house buyers at a time when they are making possibly the biggest investment in their lives—their own home. We wanted buyers to be better informed about the features of a home and protect them from shonks. In the 21st century and with climate change a reality, we believed that this was a worthwhile objective. Further, I think that most reasonable people would agree that providing buyers with more information is a good thing. After all, homebuyers currently undertake, through their solicitors usually, myriad searches to learn more about a property, its history and any factors that could affect it in the future. It is worth mentioning that the Winton Sustainable Research Strategies report, provided to the previous government in 2010, summarised a survey of 900 Queensland homeowners and potential homeowners about sustainability declarations. This report found that, when prompted, just over half of the respondents—54 per cent—claimed awareness of sustainability declarations. Further, some 91 per cent of respondents said that having information about sustainability features was useful. It appears that there was some good in these declarations. However, I appreciate that, in practical terms, the declarations have not had the desired policy outcomes. I acknowledge that the LNP went to the last election with a clear commitment to abolish sustainability declarations. That is what this part of the bill achieves and I accept that. However, we must all be cognisant that consumer protection is an important issue and some form of assessment or summary of a home's environmental features is likely to be helpful to buyers in the future. It would not surprise me if community and consumer support for such an assessment emerges in the future. It may be a case of watch this space, because environmental awareness is only going to get stronger and the market cannot always provide the answer.

I will now move on to address the elements of the bill relating to electricity. This is a particular area that highlights the need for bills such as this one to undergo detailed scrutiny before being put to the vote in this chamber. I accept that the provisions in this bill relating to electricity pricing have been included to honour the government's election commitment, but let us remind ourselves of exactly what the LNP promised the people of Queensland. The LNP told Queenslanders that it would freeze tariff 11—the standard domestic tariff—to provide 'savings of around \$120 a year on power bills compared with Labor'. I table that election commitment.

Tabled paper: Extract from www.lnp.org.au titled 'Cost of Living: Electricity' [232].

The opposition has some serious concerns that the legislative changes in this bill will not deliver the commitment made by the LNP. It appears that savings of the magnitude proposed by the LNP are not likely, at least for some families. In fact, as the *Brisbane Times* reported on 24 April 2012 in an article titled 'Typical households pay under Newman power play', average households will actually pay more for power under the Premier's scheme, and it appears that the government has failed to factor into its saving equation the new methodology that Labor introduced last year. I will read an extract from the *Brisbane Times* analysis of the LNP's commitment—

While the carbon tax would still be the major cause of price rises next financial year, the axed tariff reforms initiated by the Bligh government would have seen partial savings for typical households.

Yesterday's move effectively sidelined pricing reforms that the Queensland Competition Authority was working on to take effect from July this year.

The QCA last month suggested Bligh government-initiated reforms to the tariff system would partly offset the impact of the carbon tax for typical residential households.

For example, the QCA said the carbon tax would add about \$192 to a typical residential household's annual bill next financial year, but that increase would be reduced by \$70 (to \$122) because of the planned pricing scheme changes.

The article then went on to say—

Mr Newman yesterday said cabinet had decided to freeze the standard residential tariff 11 at existing levels next financial year, costing the government \$60 million.

'We're keeping the current system for 12 months, frozen at 2011/12 levels,' he told reporters.

'So people will not see an increase on tariff 11 in 2012/13, they'll only get Julia Gillard's carbon tax coming on the bill.'

However, the article mentions that the government did not explain how its changes compared with the new pricing reforms that Labor introduced in September 2011. It continued—

Energy Minister Mark McArdle later issued a statement arguing the freeze would provide savings of around \$120 a year compared to estimates of the old system of electricity price setting.

However, he did not address comparisons with the new pricing system that was due to apply from July 1.

brisbanetimes.com.au sought answers to specific questions about the impact of the freeze compared with the shelved QCA reforms, but Mr McArdle provided only a broad response.

I table that article for the benefit of the House.

Tabled paper: Article from www.brisbanetimes.com.au, dated 24 April 2012, titled 'Typical households pay under Newman power play' [233].

It is interesting that this comparison has not been forthcoming as there has been plenty of information about the new methodology in the public arena for some time. At this juncture it seems opportune to remind the House why the Queensland Competition Authority had been exploring a new pricing model for electricity in this state—because last year the Labor government issued its own ministerial directive to the QCA to find ways to relieve cost-of-living pressures on electricity consumers. Labor was of the view that the electricity tariff structure needed to be changed so that the more power you use, the more you pay. This principle underpinned the Queensland Competition Authority's draft determination about electricity prices for 2012-13 which was released on 30 March this year—two months ago. The QCA concluded on page iii of the preamble to the 130-page report that—

If not for the imposition of the Commonwealth's carbon tax, the annual bill for these customers would instead have decreased, by \$70.

The customers referred to in this conclusion are 'typical residential customers on tariff 11'—the very people that the LNP is presumably targeting. This information should have been part of the government's deliberations when developing this bill because the draft determination has been in the public arena for two months.

Then we had the situation last week when the energy minister and the Premier let the cat out of the bag. The government admitted that household electricity bills will rise under a Newman government, breaking its election promise. As I said earlier, the LNP made a clear election pledge to reduce household electricity bills by \$120 a year. Then last week we heard the energy minister confess that households with an electric hot-water system, air conditioning or a swimming pool will see an increase in their electricity bills of almost \$70 a year. The minister admitted that the Newman government cannot stop power bills rising despite pledging to every Queensland household that it would. The LNP made a clear commitment and now it has walked away from it. Yet again the Newman government has demonstrated that while promising the world during the election campaign it has failed to deliver. This is further evidence that this bill should have been referred to a committee so that the details could have been further explored.

The *Brisbane Times* article I tabled earlier mentioned the carbon tax. I have no intention of debating the federal government's carbon tax here today, but we are all aware that the federal government is implementing a detailed household assistance package to compensate families for the price on carbon—a fact so often and very conveniently left out of the discussion when it comes to the conservatives. Instead, I want to focus on the elements that the state government has direct control over, which are the elements outlined in this bill. Therefore, I would respectfully ask the Treasurer or, alternatively, the energy minister if they could furnish this chamber with some more information about the changes to electricity pricing outlined in this bill. These queries include: has the government undertaken a comparison of its changes against the Queensland Competition Authority's draft and final determinations? What are the anticipated savings to typical households under the government's changes compared with the pricing reforms introduced by Labor? How did the government arrive at its figure of annual savings of \$120 for typical households? What is the average saving expected as a result of these changes? How many households will experience increased electricity bills as a result of these changes, excluding the federal government's price on carbon?

The fact that these questions have to be asked during the debate on this bill highlight the importance of committee scrutiny. Through the committee process these questions could have been asked and hopefully answered by the government. As I have said before, the committee process allows the fine print of this election promise to be examined and tested. External and independent experts could have been called in to explain the full impact of these changes on a typical household electricity bill and stakeholders would have been able to outline the forecast impacts of the bill, particularly on more vulnerable sections of our society such as people on fixed incomes and pensioners.

The cost of producing and transmitting electricity is an ongoing challenge for all governments, not just here in Queensland but across Australia and across the globe. I caution the government that it needs to tread carefully and avoid the trap of overpromising and underdelivering, because not all aspects can be controlled by the LNP. This was evident in the chamber when the energy minister announced the appointment of an independent review panel, or IRP, to investigate further reforms in the electricity sector. The energy minister rightly pointed out—

The new IRP will be focused on the network costs that have been one of the major components of price rises over recent years.

This will continue to be the case into the future, regardless of any restructures or other reforms that may be recommended by the IRP. It will still be the case even if the 'poles and wires' are sold which has

been suggested previously by the now Treasurer, whose views have no doubt been passed on to Peter Costello for his not-so-independent Commission of Audit. So these issues raise further questions such as what is going to happen to electricity prices after 30 June 2013? Will the Queensland Competition Authority resume its usual role or will the minister continue to set the price? Will the IRP recommendations be adopted or will the commission of audit recommend the sale of generation and transmission entities? The people of Queensland need some certainty from the government about what will happen and the government could start tonight by providing some assurances.

The next part of the bill I want to address are the changes to the Duties Act. The main change relates to amendments in the bill to reinstate the concession for the transfer duty, or stamp duty, for the sale of second or subsequent homes. There are a number of concerns relating to this change that require a response from the government. Firstly, the full cost of this policy shift needs to be explained. I was curious to see exactly how much this decision will cost Queensland taxpayers given the government's focus on cutting costs and jobs in the Public Service. After all, we have been constantly reminded by the LNP for the past two months of the need to return the budget to surplus and to find savings. I looked through the Treasurer's introductory speech from 17 May 2012, but there was no mention about what sort of impact this initiative will have on the state budget. I then went back to the LNP's own policy document relating to stamp duty but, once again, there was no mention. So I went back to last year's budget papers, and I got my answer.

On page 76 of budget paper No. 4, under the heading 'Revisions to transfer duty', I found some figures. Over the next three financial years—from 1 July 2012 to 30 June 2015—the changes to transfer duty implemented by the previous government were going to save taxpayers an estimated \$779 million. Therefore, over the four years of the forward estimates that will be outlined in the upcoming 2012-13 state budget, this initiative is likely to cost taxpayers more than \$1 billion. Let us remember that these changes were brought about because of the triple whammy of the global financial crisis, the crippling floods of 2010-11 and the impact of Cyclone Yasi on the state's finances.

So I would like to put some more questions to the Treasurer. Did the LNP prepare any estimates about the cost of this commitment in the lead-up to the election? If so, will he now release the details? Has Queensland Treasury provided the government with any updated estimates about the cost of the LNP's changes to transfer duty? If so, will he please release them to this House? If not, why is the government embarking on these changes before it has all the necessary details on the total impact on the state budget?

The government will also need to explain what impact the reinstatement of this concession will have on the housing construction sector. As the Premier and the Minister for Public Works and Housing pointed out earlier this week—when they announced their plans for a plush new Executive Building—the construction industry is depressed at the moment. The Leader of the Opposition will further explore this issue later in the debate and I will be keen to hear the government's view on these matters. These are important questions that need answers.

The next part of the bill that I would like to address is the proposed amendment to the Payroll Tax Act 1971 to lift the payroll tax exemption threshold from \$1 million to \$1.1 million from 1 July 2012. I note that this is the first stage in LNP's previously stated objective of lifting the exemption threshold to \$1.6 million over time. The government says that this move will reinforce the competitiveness of Queensland's tax regime compared to that of other states. At this juncture it is worthwhile pointing out that Queensland already has a very competitive payroll tax regime. Our payroll tax rate is 4.75 per cent, which compares very favourably with that of Victoria, at 4.9 per cent, and that of New South Wales, at 5.45 per cent. In Queensland, our tax-free threshold was lifted by the then Labor Government on 1 July 2006 from \$850,000 to \$1 million. In New South Wales, the threshold is \$678,000 while in Victoria the threshold is just \$550,000. Clearly, Queensland businesses already operate within a competitive payroll tax environment. Raising the payroll tax exemption threshold is often promoted as a way to stimulate employment. It will be interesting to see whether the savings made by businesses from this initiative result in increased employment or are retained by the businesses as profits.

I also note that the Treasurer in his introductory speech made the claim that this amendment will save taxpayers \$40 million. Yes, it will result in an estimated 1,200 employers no longer having to pay payroll tax. However, it must be recognised that this then results in a \$40 million reduction in state government revenue. The Treasurer has claimed that, after these amendments, 90 per cent of employers will not be liable for payroll tax. But what the Treasurer has not revealed is how many employers are currently not liable. Is it 80 per cent? Is it 85 per cent? Is it 89 per cent?

Therefore, I once again ask the Treasurer for further explanation on a number of points relating to this initiative. Does the Treasurer concede that Queensland already has a competitive payroll tax regime? What modelling has been done in relation to the economic impact of this move? Has Treasury provided the Treasurer with any updated estimates about the cost of this initiative? If so, would the Treasurer please table those estimates in the House? How many jobs does the government expect to be created as a result

of this move? If the Treasurer is unable to outline how many jobs will be created, can he explain what benefits the community will receive for the \$40 million cost of this initiative? After all, this is a bill aimed at reducing the cost of living for everyday Queenslanders. What is the government's time frame for achieving the longer-term commitment of lifting the threshold to \$1.6 million?

I will now address the proposed establishment of an Office of Best Practice Regulation within the Queensland Competition Authority. The Treasurer outlined in his introductory speech that the key functions of this office would be to review regulatory assessments submitted by government departments for primary and subordinate legislation; publish an annual report on departmental performance against regulatory benchmarks; establish a process to review the existing stock of Queensland regulation; and investigate and report on matters related to competition, industry, productivity or best practice regulation at the direction of responsible ministers. The opposition supports the intended objectives of this policy position—that is, to reduce red tape where possible.

There seems to be very little detail about how the government will measure this so-called reduction and the difference between red tape and responsible regulations. For example, does the government believe that the laws governing the registration of doctors and medical professionals are red tape? Does the government believe that legislation outlawing racial and sexual vilification is an example of red tape—or is it best-practice regulation? Does the government believe that laws restricting the possession of certain animals and plants to combat the spread of pest species are red tape—or is it best practice regulation? Does the government believe that laws protecting consumers when purchasing goods or engaging professional services are red tape—or is it best practice regulation? All of those are examples of best practice regulation—the types of laws that our constituents expect us, the legislators, to enact.

We often see Queensland's laws reduced to a single number of pages, generally accompanied by some sort of disapproving or pejorative reference to this so-called burden of red tape. The Chamber of Commerce and Industry Queensland often refers to red tape in terms of the number of pages of legislation, currently estimated by them to be about 90,000 pages, I believe. But does this government really believe that a reduction in the number of pages of legislation by a certain percentage will result in a commensurate increase in business efficiency? Surely, this simplistic approach is not the basis for the LNP's election commitment. The opposition supports a proper exploration of our current laws to identify areas where the regulatory burden can be eased without any loss of protection for the community, workers or the public interest. Unfortunately, I have concerns that the motivation for the creation of this office is based more on ideology than genuine concerns for cutting red tape.

I am also keen to find out more from the government about the total cost of establishing this new office. During a briefing on the legislation, the opposition was advised that the intention was for this office to start small, but to eventually grow. It was mentioned that the new office would be modelled to some extent on the Victorian Competition and Efficiency Commission. I note that, in its 2010-11 annual report, the Victorian Competition and Efficiency Commission states that it had an annual budget of \$4.34 million and more than 21 staff. Does the Treasurer envisage the Queensland version of this office being this large? Will the staff of the Queensland office be new or will they be redeployed from other parts of the government? How many reviews does the Treasurer envisage the Office of Best Practice Regulation will conduct each year? Once again, as has been shown with other sections of this legislation, there are still many unanswered questions.

It is worth noting that, for a bill that is meant to be addressing cost-of-living issues, there is a particular notable omission. I refer, of course, to car registration. Yes, I know that registration could be dealt with by regulation—and has been last week—but I can also see why the government would not want to focus too closely on car registration, because it represents a broken promise to the people of Queensland. The Premier went to the election claiming that the LNP would—

... save families \$15-20 a year by freezing family car registration fees for the first term of an LNP government.

These are not my words; they are the words taken directly from the LNP's own policy document under the heading 'Cost of living—freezing car rego', which I now table.

Tabled paper: Extract from www.lnp.org.au titled 'Cost of Living—Freezing car rego' [234].

Yet the true situation was revealed on 12 May 2012, when the *Courier-Mail* published an article titled 'Fee pledge left behind as car rego cost revs up'. This article revealed that Queensland motorists will pay more to register their cars next year, despite the LNP's promise to freeze registration fees for family vehicles. The article highlighted the fact that car registration bills will indeed go up next year because the government's freeze does not extend to the compulsory third-party insurance component. I table the *Courier-Mail* article.

Tabled paper: *Courier-Mail* article, dated 12 May 2012, titled 'Freeze pledge left behind as car rego cost revs up' [235].

This means that registration bills will actually go up next year, not down as the LNP so forcefully promised before the March election. The government argues that CTP is not part of registration, but that is

just splitting hairs. We pay our registration bills in one lump sum and the public can be forgiven for believing that the LNP could be taken at its word.

That article prompted a scathing editorial from the *Courier-Mail* on 14 May 2012 titled 'Voter patience running thin on tricky retreats'. I will share parts of this with the House. The *Courier-Mail* editorial states—

THE anger surrounding the looming rise in the cost of keeping a car on the road in Queensland is palpable.

It is also a salutary lesson for all politicians making broad brush, populist and thinly detailed promises that can often prove unrealistic when the real world of finance and economics comes into play.

It goes on to state—

This CTP rise is not the fault of the Government, but its blanket election promise of a 'rego freeze' leaves it open to accusations that it has reneged on a promise that many voters would have understandably taken at face value, and certainly not allowed for the small print.

There are a couple of terms used in that editorial, such as 'thinly detailed' and 'small print' that add further weight to the need for legislation such as this to go through the committee process. As I have said before, we all know that election campaigns are where the big picture ideas are pitched. But when it comes to going through the detail, that is the job of this parliament and, in particular, the portfolio committees of this parliament.

Clearly the Liberal National Party has failed to meet its commitment to save Queenslanders \$15 to \$20 a year on their car registration. The car registration bills that are sent out after this law takes effect will not be \$15 to \$20 less than they were under Labor. In fact, they are likely to be \$15 to \$20 more.

Families know their car rego includes a compulsory third-party insurance fee. In fact, you cannot register a car without paying it. Yet it appears the Premier and the transport minister either did not understand or failed to fully explain their policy to Queenslanders. The LNP's promise on car rego costs was always very rubbery and Queensland families will be disappointed that the Premier and minister have added another escape clause to get them off the hook. Indeed, one of the saddest aspects of this broken promise is the response from the transport minister. When he found himself under fire for misleading the public about the full details of the non-existent rego freeze, the minister rushed out a media statement that contained the line—

The compulsory third party premiums are set by insurers, not government, and within a range determined by the Motor Accident Insurance Commission.

So much for ministerial responsibility under the Newman government. The Minister for Transport and Main Roads has washed his hands of any role in helping reduce cost-of-living pressures on motorists. If the LNP government was fair dinkum, it could also freeze the compulsory third-party component and provide real relief for motorists. The Premier is quite happy to have his energy minister setting electricity prices, why not ask his transport minister to do the same for car registration? The Premier and minister need to provide a more fulsome explanation as to why their registration commitment does not extend to utes, trucks and motorbikes. Surely these motorists deserve some relief from cost-of-living pressures, too. When I drive around my electorate of Mulgrave, there are utes, utes, utes as far as the eye can see. I do not own a ute, but I wish I did. If someone does not own a ute, they know someone who does and the LNP might well have made a misstep leaving this group out of their partial freeze of car rego.

As I mentioned at the start of my address, the opposition supports any measures that will provide relief to Queenslanders doing it tough. We will not be opposing this bill. But it is clear that this bill is not going to meet the election commitments made by the Liberal National Party. It is clear that some of these benefits are not going to help Queenslanders put food on the table and pay the bills each week. The devil, as usual, is in the detail but the LNP has been prepared to bypass close scrutiny of this legislation and we now know why.

I want to thank the Treasurer's office for arranging a briefing on this bill for the opposition and the Treasury officials who attended the briefing. I have raised numerous queries about the impact of this bill. I hope that the Treasurer or energy minister can furnish the House with answers to these important questions. I look forward to their advice and input.