



Speech by

Rachel Nolan

MEMBER FOR IPSWICH

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REVENUE LEGISLATION AMENDMENT BILL

Ms NOLAN (Ipswich—ALP) (3.24 pm): I support the revenue changes that the Treasurer introduced to the House yesterday. As other members have outlined, they do a few things. They meet a commitment we made to review land tax in order to keep quite small property investors from coming into the land tax net, there are some changes to transfer concessions for people who are buying land to build their first home, and there is an increase in the payroll tax threshold from \$850,000 to \$1 million. I note that that last measure was the one thing that Commerce Queensland asked for when they were asked to comment on what they wanted out of yesterday's budget. So we delivered their absolute first priority.

These revenue changes very clearly indicate a willingness on the part of this government to deliver to investors and the business community what they are looking for at a time when the state's bottom line can clearly afford that. That flexibility has been acknowledged widely by the business community, but it should also be acknowledged by our opponents.

Having spent some time in my life as a Treasury adviser, I tend to have a certain reluctance, I guess, or a certain concern about the state giving up its very limited revenue capacity. Too often in politics we hear people suggest that we can somehow have low taxes and high services. Indeed, we hear it from our opponents all the time: this notion that tax is bad but they would spend willy-nilly on whatever it might be that someone is asking for. I think all of us in politics have to fundamentally acknowledge the connection between the level of tax and the level of services. As such, being committed to providing good services, it does instinctively concern me when state governments, which have such a limited tax base, give up their revenue measures. I am very supportive of these changes because they are facilitated by our very strong fiscal position.

I noted some comments on the front page of yesterday's *Australian* that referred to the general state of economic management and made some comparisons between the states and the federal government. They made the point that the Commonwealth was running a very strong surplus while the states were moving towards smaller surpluses and borrowings. The Prime Minister had this to say on the matter—

I think the states by and large have squandered the GST bonanza. GST is the greatest thing that the states have had revenue-wise in my political lifetime. We give them access to a growth tax, they don't spend it on tax relief and infrastructure, they spend it on expanding their administration.

These are the most irresponsible and disingenuous comments that our Prime Minister could have made, but it is something that we have come to expect from him.

I want to make this point: the GST has delivered a strong and stable source of funding to the states, but it has done it at the expense of far greater vertical fiscal imbalance in this country. It has done it at the cost of the states having an even more limited capacity to raise their own revenue. What is happening here is that the federal government is able to run these big surpluses because it is the biggest spending government in Australian history, but it does not have any responsibility for anything much. Apart from providing defence, all of the other serious, on-the-ground services are provided at a state level.

So what we are seeing over time is not a sign of sensational fiscal management on the part of the Commonwealth government and poor fiscal management on the part of the states. Indeed, state Labor

governments have been obsessive about the quality of their fiscal management. What we are seeing over time is the higher level of vertical fiscal imbalance facilitating a situation where the Commonwealth government starves the states of funds and the states struggle to meet all of their service requirements.

The Prime Minister unfortunately likes to refer to health, education, police, disability services, housing—the myriad services that states must provide—as ‘administration’. This is the fundamental lie that unfortunately the *Australian* newspaper has picked up on and that underlies the current state of government financial administration in Australia. As I said, because of that increasing rate of vertical fiscal imbalance, it frequently concerns me to see the states give up their revenue measures. I think it is vitally important that the states have some connection between the revenue that we raise and the services that we are expected to provide. I think it would be dishonest of us to suggest anything else.

In this case, these are very responsible measures. They are brought about by the excellent quality of financial administration that has occurred under this government. I commend the Treasurer for them, and I strongly support them.