



Treasurer and Minister for Trade

TOQ-07506

6 OCT 2014

Mr Neil Laurie
Clerk of the Parliament
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Laurie *Neil,*

PETITION RECEIVED BY THE QUEENSLAND LEGISLATIVE ASSEMBLY: 2308-14

I refer to Petition No. 2308-14 tabled on 11 September 2014 by Mrs Jo-Ann Miller MP, Member for Bundamba, requesting the House to initiate the process necessary for a binding Referendum in support of the Government's proposed asset transactions, for a time within the 2014 calendar year.

Unlike the previous Labor Government, the LNP Government remains fully committed to seeking a mandate from the people of Queensland at the next State election before undertaking any asset transactions.

The Queensland Government has undertaken an unprecedented level of community consultation on the Strong Choices available to reduce Labor's \$80 billion debt and to prioritise future infrastructure investment. This consultation included: community meetings, leaders' forums, virtual town hall meetings across Queensland and an interactive online tool - the People's Budget.

The feedback received was clear, with 46 per cent of respondents preferring the sale or lease of assets.

This Government came into office determined to fix the State's finances and build a diverse, four pillar economy. As a result of disciplined decision making, we are on track to deliver a Budget surplus in 2015-16, the first in a decade.

However, more work needs to be done. With Queensland's population growing and ageing, our projected growth in expenses in areas like health and education means the Budget will slip back into deficit in a few years, leading to further increases in debt, unless strong action is taken.

Independent economic experts have recommended Queensland reduce its debt by \$25 billion to \$30 billion to be sustainable for future prosperity. To reduce debt by this amount, we can: significantly increase taxes, reduce services, or sell or lease some Government assets.

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As announced in the recent Federal Budget, the Commonwealth intends to increase some taxes and reduce services. That's left us with less choice. The State Government knows many Queenslanders are already dealing with cost of living pressures. We will not increase this burden with more tax increases, or reduce services that have already been made more efficient.

After launching the Strong Choices campaign and receiving a record number of People's Budget submissions, the Queensland Government released the Strongest and Smartest Choice Draft Plan of Action with the 2014-15 State Budget on 3 June 2014.

The strongest choice for Queensland is now also the smartest: the one that secures Queensland's future, without placing an undue burden on Queenslanders.

That is why the Government is proposing a program of asset transactions. At their current book value, the asset transactions proposed could potentially reduce debt and deliver proceeds to a value of \$33.6 billion. Three-quarters of this would be applied to reduce the State's debt by \$25 billion to \$55 billion. This new debt level would mean Queensland's annual interest bill would drop from \$4 billion to \$2.7 billion. This would also provide \$8.6 billion over six years to invest in vital infrastructure for the future.

As stated above, these proposals will only be implemented if the Government receives a mandate at the next State election.

The Government's release of the Final Strong Choices Plan of Action will give all Queenslanders time to consider these Strong Choices ahead of an election and therefore, the Government does not consider a referendum on support for asset transactions to be necessary.

I trust this information is of assistance.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Tim Nicholls', with a stylized, cursive script.

Tim Nicholls
Treasurer and Minister for Trade