



Treasurer and Minister for Trade

TOQ-06483

27 JUN 2014

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

Level 9 Executive Building
100 George St Brisbane
PO Box 611 Brisbane
Queensland 4001 Australia
Telephone 07 3719 7200
Facsimile 07 3220 6224
Email treasurer@ministerial.qld.gov.au
Website www.treasury.qld.gov.au

ABN 90 856 020 239

Dear Mr Laurie

PETITIONS RECEIVED BY THE QUEENSLAND LEGISLATIVE ASSEMBLY: 2266-14 AND 2208-14

I refer to Petition No. 2266-14 and 2208-14 received on 23 May 2014 and accompanying petitions tabled on 22 May 2014 by the Honourable Annastacia Palaszczuk MP, Member for Inala, requesting the House to reject any plans to privatise the Gladstone Ports Corporation Ltd. through a 99-year lease over the port and its operations.

Labor's \$80 billion debt, accumulated over the past ten years, is now costing Queenslanders \$4 billion in annual interest repayments. That \$4 billion could pay for 25 new state schools, almost 900 km of highway and the redevelopment and expansion of a 300 bed regional hospital.

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.

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, I released The Strongest and Smartest Choice – Queensland's Plan for Secure Finances and a Strong Economy. This is a draft plan to reduce the State's \$80 billion state debt and \$4 billion interest bill and includes the proposal for a long-term lease over the Port of Gladstone.

The feedback received was clear, with 46% of respondents mostly choosing the sale or lease of assets.

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—via sale, long-term lease and an innovative private sector partnership. 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 a level of \$55 billion. This new debt level would mean Queensland's annual interest bill would drop from \$4 billion to \$2.7 billion. This would then provide \$8.6 billion over six years to invest in vital infrastructure for the future.

Fund	Allocation
Rural and Regional Roads Fund	\$1.5 Billion
South East Queensland Roads Fund	\$1.5 Billion
Public Transport Rail Infrastructure Fund	\$1 Billion
Bus and Train Project	\$1 Billion
Future Schools Fund	\$1 Billion
Rural and Regional Economic Development Fund	\$700 Million
Local Government Co-Investment Fund	\$500 Million
Future Fund (Natural Disasters)	\$500 Million
Entrepreneurial and Innovation Fund	\$500 Million
Community Hospitals Fund	\$300 Million
Cultural Infrastructure Fund	\$100 Million
Total Package	\$8.6 Billion

Not everyone will agree with every part of our plan, but there is strong agreement that we need secure finances to pay for things to support our growing population, like schools, hospital upgrades and highways. With this Government's new plan, Queenslanders will know we have achieved funding certainty to build and invest in the things we need for a strong and prosperous future.

I urge petitioners to download and read the Strongest and Smartest Choice Draft Plan of Action which is available at www.StrongChoices.qld.gov.au. Petitioners are also

encouraged to provide feedback on what local projects they would fund from the above funding pools as part of the Strong Choices Investment Program.

After this period of further consultation, the Government will deliver its final plan for the Strongest and Smartest Choice in September 2014.

None of the proposed transactions, including the long-term-lease of the Port of Gladstone, will be implemented until the Government has received a mandate for this methodical and disciplined plan at the next State election.

Yours sincerely



Scott Emerson
Acting Treasurer and Minister for Trade