



Speech by

Mr R. QUINN

MEMBER FOR MERRIMAC

Hansard 16 September 1999

1999 BUDGET SPEECH

Mr QUINN (Merrimac—LP) (Deputy Leader of the Liberal Party) (3.37 p.m.): The fact that this is the first Queensland Budget for many years that has gone into the red should be of concern to all Queenslanders. It is a disgrace for many members opposite to stand in this place and say that they are proud of this Budget.

For many years in Queensland we have prided ourselves on our strong financial position, which has meant that we have been able to build up the surpluses in superannuation funds and such things. Now this Government has taken us into the red for the first time in many years, which is something that we all ought to be concerned about.

We should not rationalise the situation, as the member for Ashgrove did, by saying that it is immaterial what international ratings agencies such as Standard and Poor's or Moody's say about us. It is critical that we take notice of what those agencies are saying about us, because it affects our long-term borrowing rates and other financial measures that can be to our long-term advantage. To stand in this place and say, "Don't worry about that. Read our Budget documents. Don't take any notice of what independent international agencies say about us, but believe our spin and propaganda", and then walk out of the Chamber feeling good, warm and fuzzy is a head-in-the-sand attitude. We have to take account of these things. We are a part of a global marketplace where capital is extremely mobile. It moves around the world seeking the best advantage. The fact that the Government is putting its head in the sand and is saying, "We won't worry about Standard and Poor's or Moody's" should be of concern to all Queenslanders.

If honourable members, particularly Government members, say that they are proud of the Budget, I think that should be seen as a black mark against them. As I said before, what Standard and Poor's is saying will have enormous consequences for us. Although I am not saying that we are in a precarious position at the moment, Standard and Poor's has definitely indicated that it is putting us on a "watch" footing. Should this sort of budgeting continue, it will have long-term effects on our international competitiveness and our borrowings on financial markets. Its second paragraph states—

"In contrast to recent years, the general government sector is expected to slip into the red in fiscal 2000."

In other words, prior to now we have been in the black. Under the coalition Government over the previous two years and the Goss Government over the years before that we were always in the black. This year is the first time that we have been in the red. It continues—

"A general government underlying cash deficit of A\$0.4 billion is forecast compared with a small surplus in fiscal 1999."

It further states—

"For the state sector as a whole, a cash deficit of more than A\$1.2 billion is forecast in fiscal 2000 ..."

The member for Moggill, the shadow Treasurer, indicated the areas from where he thought the moneys were being dragged in order to fund Government services. However, we should not be surprised that the acting Treasurer has delivered the Budget with a deficit.

Let us cast back our minds to the previous Labor Government. Which honourable member was the Health Minister who, upon leaving office, left behind an enormous black hole in the Health Budget of some \$1.2 billion? Who was the Health Minister at that time and who was his predecessor?

Mr Littleproud: Can I guess? Peter Beattie.

Mr QUINN: This is not Pick a Box or Who Wants to be a Millionaire. We do not have to guess. It was the member for Brisbane Central and the member for Capalaba. We are not surprised that they take this attitude to budgeting. They showed us their colours when they were in Government previously. This is no surprise to us. However, it is a surprise that they would seek to do so in the context of the whole State Budget. They got away with it in the Health budget. When we came in, we had to find the money. But that they have repeated their crime in the State Budget is unforgivable. They show a reckless disregard for financial responsibility. The prospect of our being placed on a watch footing by Standard and Poor's and having our financial rating downgraded is something that no Queenslander should have to contemplate.

There are some other areas of concern in the Budget papers, which indicate that business and housing investment and public consumption are forecast to move lower. Of course, employment growth will follow. It should be of concern to all of us that every major indicator is starting to fall. That will have serious consequences in terms of employment rates. I do not think any honourable member is happy about that. A combination of factors is involved. These are worrying trends for the State.

Also of concern is the threat to our low tax status. I was struck by a graph in the Budget documents which indicates that Tasmania, of all places, is now the low tax State. Queensland is slightly behind Tasmania. More worrying is the fact that we are closing the gap between New South Wales and Victoria. Although some honourable members might not think that the narrowing in the gap is important, I think it is. For a long time we have traded on the fact that we are the low tax State. That has been an advertising gimmick that we have taken to the market and we have been able to trade on that status to entice other companies to Queensland. That aspect is attractive to anyone, be they business people or companies, contemplating relocating to Queensland.

The Government's response to these worrying trends is to turn us into the Smart State. I have no problem with that. It is a worthwhile ambition. When we look at the evidence, we see that Queensland has been moving in that direction for some time. This is not simply something that has been discovered by the Labor Party over the past 12 months. Over many years a number of initiatives have been taking us in that direction. However, the problem I have with the Smart State concept is that we hear plenty of rhetoric, but there is not much funding. There is plenty of smoke and mirrors, but there is little of substance.

As we have come to expect from the Labor Party, it has produced a glossy brochure—again, nothing more than smoke and mirrors—which indicates where the Government intends to focus its energies. Quite rightly, the first area being focused on by the Government is education. The first double-page spread in the Smart State document highlights a number of initiatives. However, when we look at those initiatives, we see that not much funding is attached to any of them. For the Networked Learning Community initiative there is a total budget of \$40m. In this year's Budget, \$5m is provided for that program. That is hardly the average amount that we would expect to be funded in each of five years. Under that program, professional development and technical support to teachers in classrooms will be provided. Those sorts of programs have been running for some time in Education Queensland. One suspects that this may be a rebadged program from somewhere else. In the Estimates we will examine whether that is the case.

In relation to online access for schools, the paper indicates that local area networks will be funded to the tune of \$10m. There will also be some additional money for Connect-Ed. Those are programs that have been running in the department for a number of years. I instigated both of those programs when I was the Minister for Education. Those programs mentioned in the Smart State document are not new.

In terms of supplying additional school computers, this Budget allocates an additional \$3.6m. That is barely enough to put additional machines and technology into classrooms. If the Government is really going to provide the number of computers needed to reach its target—that is, one computer per five students—it needs to allocate much more money than the \$3.6m allocated in this Budget. That funding needs to be in place over a sustained period. It is not only about putting new technology in classrooms; we must also replace the existing technology as it becomes outdated. The Government has a five-year rolling program. Each year an amount of the order of \$10m to \$15m is needed just to put the additional technology in the classrooms let alone to replace the existing stock. The \$3.6m allocation will barely scratch the surface, although I acknowledge that it is a start. However, based on my memory of the Schooling 2001 initiative that we put in place, I suspect that this also could be part of another rebadged program.

All of these are examples of programs not matching the rhetoric. We are hearing rhetoric, but there is very little substance to the programs. I mentioned Connect-Ed and the Schooling 2001

initiatives, which I think have been rebadged. Based on that document, we are seeing a lack of real policy and funding. Providing anything less than substantial funding for these sorts of initiatives is dumb politics, if the Government hopes to reach its target. It is mouthing the rhetoric and raising expectations, but it is not providing the funds. That is certainly not the way to go.

I will turn to the other area about which I intend to speak, and that is education. Allied to the notion of our becoming a Smart State, there is a line in the Ministerial Portfolio Statements for the Minister for Education, which I will read; it is a good line. It states that the link between the quality of educational outcomes and the quality of educational infrastructure is well documented. It further states that we need good classrooms and good infrastructure, whether they be computers and other teaching aids in order to achieve the optimum outcomes for students. That is positive rhetoric. However, again, it is not backed up by funding.

In relation to additional public works for Queensland State schools, there is a shortage of money. Last year, the Minister for Education issued a press release saying that the Budget that year would include \$47m for 10 new schools, \$175m for other school projects and \$18.6m for the tertiary sector. Taking out the tertiary sector, this is a capital injection for capital works in State schools of some \$222m. What does the press release state this year? There is \$182m—a shortfall of \$40m. We hear rhetoric about needing top-quality educational infrastructure, but again there is a funding shortfall.

One has to ask: why has there been a reduction in the capital works program in schools when there is this soaring rhetoric saying that we need to go in the other direction? How can we have a Smart State if the Government is reducing the funding to upgrade and modify existing facilities to suit the new educational environment? That is just another example, as I said, of fine words not supported by a funding commitment. The problem to date has been that we have focused too much on the rhetoric and not the funding issues. It is simply getting to be a bit like the magic pudding trick: you put a little or nothing in and you expect to get a lot out. It cannot be done.

The other thing I want to talk about now is what we on this side of the House have dubbed the BST—the Beattie stealth tax—that is, the equity return. For members opposite to stand up and say that it is part of the accrual accounting system is simply nonsense, as everyone knows. It is to be applied to the variation of the capital base on each department from next year. As we found out in a briefing the other day, it is unfunded from July onwards.

Quite rightly, when members on this side of the House heard about it, they started thinking about their small country schools which might be in very close proximity to a larger school. The prospect could arise that the department or the Minister will say, "Well, we can close this small school down", and provide transport to the nearest larger school for the children without having any idea of the impact it might have on the school community. I think they were rightly concerned about the impact that would have on their smaller school communities.

I will suggest from experience that, whilst the members on this side, particularly the country members, have something to worry about in terms of the impact of the equity return on Education Queensland's budget, members in the metropolitan Brisbane seats are going to have a lot more to worry about—mainly members of the Labor Party—because the real savings to be made, where the larger bikkies are, is not in closing the smaller country schools; it is in closing the inner city schools where the population has drifted from the inner city core to the outer suburbs. There are a number of schools in electorates of members opposite which come under that definition. I know that a couple are being looked at currently. Those are where the largest savings are to be made, in amalgamating the schools, selling the sites, reduction in recurrent expenditure and those sorts of things.

I will name some of those schools in the Brisbane metropolitan area that have been closed or amalgamated in the past couple of years: Chermside, which I did, was done with the consent of the local member and the broader community; in Taringa, the same thing occurred after community consultation and was sold.

Mr Welford: Oh, no, you didn't!

Mr QUINN: Oh, yes. The Inala State High School and the Richlands State High School were not done by me, but by the previous Labor Minister for Education. The Salisbury State High School and the Coopers Plains State High School are now known as the Nyanda State High School. That was another one that was done. Those are where the larger gains are being made in terms of efficient use of capital.

When this equity return is applied to education, those areas where substantial savings can be made without taking into account the educational consequences are really highlighted. Previous to this equity return being a requirement of the Budget process, Ministers for Education made decisions about which schools to close or amalgamate on educational grounds—not financial grounds—where we could see that there would be a benefit to students and where we could see that we could refurbish a new school complex and move students from the older school into the newer complex to improve their

educational prospects. I was not the only Minister who saw that; the previous Labor Minister also saw that and also had a number of those projects on the board.

Dr Watson: What about Mr Wells?

Mr QUINN: He has done nothing yet about this particular issue, but I expect that the equity return will start to drive those considerations within his department as well as other departments across Government.

My view is that the Budget, as I said, does not live up to expectations; it does not live up to the rhetoric, particularly when one considers that the Education budget is up by only 3.6% overall. That is the lowest increase in a decade. Is paring back Education budgets any way to create a Smart State? We will not know this until we see the enrolments, but that 3.6% is probably not even enough to cover inflation, CPI adjustments and enrolment growth. Contrast that with the large increases in the Premier's and Deputy Premier's departments. How smart is that? Where is this Government's priority? Certainly not in education, certainly not in creating the Smart State!

As I said before, we all ought to be concerned about what Standard and Poor's and possibly even Moody's will say about the financial health of this State. It has ramifications far beyond simply a press release. Other financial institutions take serious note of what those international ratings agencies say about our financial health. For members opposite to walk in here and dismiss it and not be worried about having an underlying Budget deficit—the first for many, many years—I think is of concern, particularly when we know that the person in charge of the Budget has been the person who also ran the Health Department into the ground. Remember Beattie's black hole. This Budget is from the same person, except this time he has done it on a grander scale. Those, I think, are the reasons why we all ought to be concerned about what is happening in this Budget.
