



Speech by

**Mr M. ROWELL**

**MEMBER FOR HINCHINBROOK**

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Hansard 17 September 1999

### **1999 STATE BUDGET**

**Mr ROWELL** (Hinchinbrook—NPA) (12.57 p.m.): I rise to speak on the Appropriation Bills. This year's Labor Budget very neatly sums up this Government. There is plenty of smoke and mirrors, there are plenty of gimmicks and lots of self-promotion and phrases designed to sound good and get publicity. But when we look at the bottom line, we see a document that is weak on service delivery, it holds out little hope for regional Queensland, and it misdirects funds away from the State's key job-generating industries.

One only has to turn to Budget Paper No. 3 and look at page 12 to see it all. During the last year of the coalition Government, gross State product increased by 5.7%. Last year—the first of the Beattie Labor Government—it declined to 4.757%, and this Budget predicts a further decline to 3.75%. Year after year under Labor, the key indicator for the growth of the State's economy shows a decline. Employment growth in the last year of the coalition was 3.2%. Yet in the first year of the jobs, jobs, jobs Government, it fell to 2.7% and the Budget predicts a further decrease to 2.5% this year.

What about average earnings? Under the coalition, there was a growth of 3.5%, yet in the first year of this Government there was a decline to 3%. And in the coming year it is predicted to rise to only 3.25%—still less than under the coalition.

The press has made much of the supposed estimated drop in unemployment for the coming year. Yet as this document highlights, the only way that this can occur is because Queensland's population and labour force are growing at a slower rate. And with the changed method of Budget reporting from cash to accrual, this Government has attempted to hide away in the Budget the truth of its mismanagement. But it is there for all to see. This year, for the first time since 1997, the Queensland Budget is in deficit. Last year, this Government predicted that, by 30 June 1999, there would be a Budget surplus of \$390m. In fact, there was a surplus of only \$27m—some significant difference. However, this coming year, there will be a Budget deficit of something like \$350m—not just a slight deficit but a whopping one. But the facts are worse than that.

An article which appeared in Wednesday's Australian entitled "Beattie Sends State into Red" stated—

"That \$350 million figure for 1999-2000 would have been far worse if the Government had not factored in \$568 million of what it called 'lazy money'—predicted underspending on its capital and recurrent accounts."

If anyone thinks that it cannot get worse, I suggest they read the documents because they highlight that the \$350m deficit is just the general Government deficit. The deficit for the public sector as a whole is another \$885m.

Sitting suspended from 1 p.m. to 2.30 p.m.

**Mr ROWELL:** In real terms—cash terms—the real deficit in this year's Budget is an amazing \$1.235 billion. If anyone doubts that, I suggest that they read Wednesday's Australian Financial Review or peruse Standard and Poor's press release of 15 September headed "Queensland Budget shows weakening finances".

It should be of major concern that this Government covered up the projections for the cash deficits in the out years in the Budget papers. Table A18, which sets out the cash projections for both the general Government sector and public trading enterprises for the period up to the years 2002-03, contains information in relation to only the general Government sector after this year. The rest of the information is deleted. Instead of being a competent and sound Budget, what we have is a document which has severe problems. It is a testament to Labor's financial mismanagement that it has got itself into such a mess, despite the fact that it has broadened the payroll tax base with an expected rise of \$100m in revenue this year, reduced its contribution to State public superannuation by around \$52m and expects its revenue from poker machines to increase by \$37m. Despite all this extra money, Labor still cannot balance the books.

Where is all the money going? It certainly is not going to the key service delivery departments. As a member representing a rural electorate, I find it absolutely shocking that, at a time when many of our rural producers, especially those in the sugar industry, are finding the going so tough, this Government has reduced funding to the Department of Primary Industries by \$26.6m. That is an indication of where this Government's true priorities lie. The Labor Party is certainly not concerned about our State's industries.

The Premier dismissively said that the real risk was that Queensland will be seen as just a quarry or a farm. As the Premier is in the House, I believe it is appropriate that I raise a concern of one of my constituents. I would like to make the House aware of the raw deal that is being dished out by the Minister for Environment and Heritage and his departmental staff to Mr Lui Pajares who has now received a third interim conservation order over his freehold land at Tully. Two separate ICOs have seen 3,000 acres of his property remain under a cloud for 150 days. On 3 September another ICO was placed on his land. The area is supposedly a mahogany glider habitat, but the Department of Environment, after carrying out trapping for the species, has failed to produce any evidence of the presence of the glider on Mr Pajares's property.

On 3 March 1998, Mr Pajares and the then Minister, Mr Brian Littleproud, both signed a map defining the boundaries—

**Mr Reynolds:** They signed the map, that's right. How appropriate was that?

**Mr ROWELL:** I am pleased that the member for Townsville is present in the Chamber because this incident clearly shows what this Government is about. Some 1,400 acres was signed off as having a conservation value. But during the next three months staff of the Department of Environment failed to carry out the ministerial direction—no doubt hoping for a Labor Government to be returned so that they could carry out their acquisition strategy.

Mr Pajares met with Minister Welford and the Director-General of the Environmental Protection Agency, Barry Carbon, in Townsville on 19 April at a pre-Cabinet deputation. Despite numerous attempts by Mr Pajares's agents to communicate with the Department of Environment, no response has been received except from a departmental officer who wants to peg out the 3,000 acres for the new ICO.

This is the way the Beattie Government operates. Fifteen months of the Beattie Government has left Mr Pajares and his family in suspense. It is inhumane. It is a disgrace. The Pajares family has been left to rot by this insensitive Minister who lacks the capacity to sit down with a land-holder and come up with a reasonable solution. This is a Minister who will not honour an agreement that was struck with the previous Minister. The whole situation is outrageous.

As a member who represents farmers and miners, I can inform the Premier that these industries still remain as the economic backbone of this State. Recent political history in Victoria, South Australia and Western Australia shows that any Government that steps in and tries to pick so-called winners with taxpayers' funds is deluding itself.

I find it almost impossible to believe that this Government, which has been selling itself on the basis that it will create jobs, has deferred any reduction in payroll tax until next year. This Government has still slugged private sector employers with an additional \$28m of extra payroll tax on employer superannuation contributions.

When we look at this Budget we find that it is estimated that, over the next few years, taxes, fees and fines are expected to increase by 7.1%. During the same period inflation is estimated to increase by only 1.75%. Even if we factor in economic growth, it is clear that this Budget is all about grabbing extra taxes from the people, spending more money and lumbering the community with a deficit that they will have to pay for at the end of the day.

This is a typical Labor Party Budget—spend up big today and let the taxpayers pick up the pieces in the future. It is also typical of Labor that the departments which are responsible for generating wealth and providing services have not been looked after. It does not matter whether we look at Education, Health, Police or Primary Industries—the story is still depressingly the same.

I would like to deal with the Department of Mines and Energy. The information that is contained in the Ministerial Program Statements covers only a small proportion of the Minister's area of responsibility. Over the years, the corporatisation of the electricity industry has resulted in much key information no longer being included in Budget documents. When we look at the central Budget documents we notice that in the coming year alone there will be a little over \$1 billion invested in electricity infrastructure. At page 26 of the document, under the heading "Administered Items", we find an explanation of the key developments in the electricity market. At pages 12 and 13 we are told of the major policy developments that will be occurring. However, the Government-owned section of the electricity industry does not form part of the department and, as a result, its performance is not contained in the portfolio statements.

From the point of view of proper accountability, it is less than satisfactory to try to debate how this Minister and this Government are dealing with the electricity industry when one has a document that contains next to nothing and one is often fobbed off with the line that certain information is commercial in confidence. During the Estimates process, the Opposition will be pursuing this Government's incompetent handling of the electricity industry.

In this area, as in so many others, we see a retreat from accountability. That retreat did not start in this Budget, and I am not blaming this Minister, this Government or any other. It is a trend that is occurring not only in Queensland but also elsewhere and it should concern everyone. Is a matter that needs to be considered very sensibly. The fact that the Premier refused to disclose the projected cash deficits of the public trading enterprises on the basis of commercial in confidence considerations is one manifestation of the problem that I am highlighting.

I place on record the fact that it is almost impossible to compare this year's Mines and Energy Ministerial Portfolio Statements with last year's, not just because of accrual accounting as such but because of the way in which the Ministerial Portfolio Statement has been executed. Last year's Ministerial Portfolio Statement was divided into three programs: mines, energy, and executive and corporate services. This year's statement is divided into mineral and energy exploration and development services, energy plans and programs, mineral and energy sector regulatory services, and safety in mines testing and research services. Some key information points are no longer disclosed, thereby making meaningful comparisons extremely difficult.

In the past, one could look at the Ministerial Portfolio Statements and see the expenditure of the office of the director-general. However, this year, all of that expenditure is no longer disclosed explicitly. How very convenient! Further compounding the problem is this Government's stealth tax—its equity return—as well as the establishment of a central long service leave scheme.

Despite those difficulties, it is obvious that the Premier's enthusiasm for the non-farming and mining industries is reflected in the way in which the Department of Mines and Energy has been treated. Budget Paper No. 4 contains the following summary for the department—

"The Department of Mines and Energy's 1999-2000 Total Estimated Funding is \$342 million, a decrease of \$148.5 million on the 1998-99 Total Actual. After adjusting for the equity return in 1999-2000, the decrease is \$149.5 million. The change in the operating funding sources available to the Department primarily relates to a decrease in the payments required to meet community service obligations for the delivery of safety-net tariff support for electricity consumers in rural and remote areas."

I draw the attention of honourable members to the word "primarily". During the Estimates hearings, we will be seeking information from the Minister as to the extent to which this department has been savaged and how key service delivery areas are being treated.

The Budget documents highlight a number of service priorities, with \$1m being put aside for an Office of Sustainable Energy and \$3.5m for an electricity monitoring unit and a consumer protection office. The worth of those initiatives will be explored later. However, I highlight to the House that, in comparison, this Government has set aside just \$2m this year to enhance and increase mineral and energy exploration in this State.

It is clear that our mining industry is in a bad shape. Employment in mining operations in this State dropped from 14,973 as at 30 June 1997 to 13,742 by 30 June 1998. The ABS has not released any later figures. However, I doubt whether the situation in that regard has improved. Of much more concern are the trend figures for the money spent on mineral exploration. With one exception, in every successive quarter between June 1997 and March 1999, money spent on mineral exploration has declined. That is absolutely disastrous. I have visited a number of mines that are getting very close to the end of their activities. If exploration does not occur, it will be not be long before those mines will have to close, leaving miners with nowhere else to go. In the June 1997 quarter, mining operations spent \$42.4m on mining exploration in Queensland, excluding petroleum. However, by the March quarter of this year, that amount had dropped to \$24.3m.

Earlier this year, a survey by the Export Finance Insurance Corporation found that Australia now ranks as one of the worst countries in the world for mineral exploration. The Mining Council has pointed out that the full effect of that decline will not be felt for another four or five years. At the time, the member for Mount Isa had the absolute cheek to blame the coalition for that, and suggested that all would be cured by the magic Beattie Labor wand. Six months or so later, we have seen a progressive worsening of the situation. Yet this Budget document does almost nothing to overcome the problems.

Time expired.

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