



Speech by

Hon. R. E. BORBIDGE

MEMBER FOR SURFERS PARADISE

Hansard 16 September 1999

1999 BUDGET SPEECH

Hon. R. E. BORBIDGE (Surfers Paradise—NPA) (Leader of the Opposition) (11.30 a.m.): This is an incredibly disappointing Budget to carry Queensland into the new millennium. It has as its bottom line the worst and the most irresponsible public financial outcomes for this State for decades, possibly since Statehood. It is the work of clearly the most irresponsible Labor Government in the history of the State, and one which is setting itself up to sit comfortably with the record of Cain, Kirner, Bannon, Wran, Lawrence and Burke.

In order of deficits, according to Queensland Treasury for 1998-99 we learn that, in this Budget, the member for Brisbane Central and his Government delivered a \$375m GFS deficit, rounded out yesterday by the ratings agency of the Premier's choice, Standard and Poor's, to \$0.4 billion. We learn that this is an absolutely paltry number compared with what is in store in the current, far more disastrous Budget. In this Budget the \$0.4 billion deficit blows out to \$1.2 billion, again on the agreement of the Queensland Treasury and Standard and Poor's. According to Treasury, by the end of June next year there will be a \$350m cash deficit in the general Government sector and a deficit of a massive \$1.235 billion when an \$885m negative result for public trading enterprises is added.

It could be even worse. The column containing other potential, more damaging numbers, the Government censored. They have been blacked out. The Premier must uncensor them. In old movies, in dictatorial regimes in South America, or during the old days of Stalinist Russia, when the Government of the day wanted people not to know something, the newspaper would be published with whole paragraphs blacked out or photographs of people who the Government of the day did not want people to know about were blacked out. In the best traditions of South American banana republics, in the best traditions of Governments that do not want the people to know, for the first time for as long as anyone is aware in the history of this State, we have censored Budget documents. Charts in the Budget documents have been blacked out, hidden from the people of Queensland. The pathetic, lamentable excuse given by the member for Brisbane Central for that is commercial in confidence. It might be commercial in confidence if they related to Queensland Rail, or if they related to some other Government entity. However, we do not even get the totals. This censored Budget, a Budget that had a hidden deficit, a Budget that has been shown to have that massive deficit as confirmed by Standard and Poor's, does not even provide the Parliament with the information that, obviously, Treasury provided the Government but which the member for Brisbane Central is not prepared to provide the Parliament.

The data for the following year, which would cover the Premier's final Budget—if he lasts a full term—is even more heavily censored. His Government is projecting a slight cash surplus for the general Government sector for 2000-01, but all data below that—covering public businesses and public financial institutions—is blacked out totally. They said, "Gee, this won't make us look too pretty", and so they got out the black paint and blacked it out, denying that information to the Parliament and to the people of Queensland.

Mr Springborg: Not really open and accountable.

Mr BORBIDGE: As the Deputy Leader of the Opposition says, it is not very open and accountable. What we can see, from Government activities that do not include the performance of the financial enterprises, is that the negative result projected for the election year Budget is a deficit of

\$275m. However, as I say, thanks to the dishonesty of the acting Treasurer, that may well be only part of the story. He must uncensor that column, too.

The disastrous numbers that the Premier, in his speech on Tuesday, hid so deliberately from the Parliament explains a great deal about some of his most recent irrational behaviour. There simply had to be an explanation as to why the acting Treasurer, in his own Budget week, was seizing on a Standard and Poor's assessment dated April this year—a six-month old document— assessing the 1997-98 coalition Budget as having what the agency termed "a modest cash deficit". As we all know, he worked that old and previously publicised document very hard. He did that even though his own Treasury Department and, indeed, his own former Treasurer, had disowned it—by ignoring it—in repeatedly reporting a billion dollar surplus for the coalition's final Budget. The former Treasurer did that in his 1998-99 Budget. He did it again in his consolidated financial report for 1997-98, published after the Standard and Poor's assessment.

The records of this Government and of the acting Treasurer have been contradicted by the stood-aside Treasurer and contradicted comprehensively by the Treasury Department. For example, the 1998-99 Budget of the stood-aside Treasurer, Mr Hamill, presented in September 1997 reported an actual Budget outcome for 1997-98 of—

"A surplus of \$1,102 million in the General Government sector and \$1,132 million for the total State Government; and an Operating Statement surplus of \$39 million and a Consolidated Fund cash surplus of \$3 million."

That statement appears in Budget Overview, Budget Paper No. 2, at page 1.

Then Treasurer Hamill's consolidated financial report of the Government of Queensland for 1997-98, published on 29 April—after the Standard and Poor's assessment—stated—

"The whole of Government operating surplus for 1997-98 before abnormal and extraordinary items was \$976 million, an increase of \$494 million on the 1996-97 result. The operating surplus after abnormal items and extraordinary items was \$1,031 million (1996-97, \$923m) an increase of \$108 million. The surplus of \$976 million or 4.6% of total revenue provides capacity to fund future capital works and is consistent with the Government's objectives of maintaining budget surpluses and disciplined fiscal policies."

The acting Treasurer—with the emphasis on "acting"—has been caught out again. The truth is that the final Budget of the coalition Government contained a surplus on both a cash and accrual basis, unlike the deceitful exercise of the current Government that has undermined Queensland's strong financial position and plunged our great State into the red.

The Premier's frothing over that assessment was astounding. The member for Caloundra—the former Treasurer—and I were "The worst financial managers in this State this century". Apparently, I had run the State "like an overcharged Bankcard".

Now we have an assessment of a deficit for the Queensland Budget for the current financial year at virtually 10 times the level suggested by Standard and Poor's, and this time Treasury agrees. Treasury also says that the deficit is \$1.2 billion, but the acting Treasurer did not think to tell the Parliament, the people of Queensland or the media in his presentation of his Budget to the State. I wonder if Standard and Poor's is quite the Premier's favourite ratings agency this morning, as it was a few days ago. I suspect not, now that it has revealed him to be unarguably, and by his own standards, by far the worst financial manager in this State this century and doubtless in either century that Queensland has been a sovereign State. By the end of this Budget he will be able to claim to be the worst financial manager of this State across three centuries, because I firmly believe that no Premier in the century that we are about to enter will match this Premier's abysmal economic performance of a \$0.4 billion deficit in his first Budget and at least a \$1.2 billion deficit for his second Budget. Heaven knows what deficit will be in his election Budget.

The Premier was so fundamentally dishonest on Tuesday as to have denied this information to Queensland. There was absolutely no mention of these shameful bottom lines in his speech to this Parliament. In my view, he misled this place. The data, as I say, was presented in back-of-the-book numbers, buried in half blacked out columns in the back of Budget Paper No. 2. I think that all Queenslanders will agree that that is deeply disappointing and deeply troubling.

Queensland Governments have bipartisanly cherished a tradition of sound economic management in this State, which has been maintained unbroken by both sides of politics for decades until this week and until this acting Treasurer and Premier. In typically boastful rhetoric, when he delivered his Budget the acting Treasurer said that it was a Budget of which Jeff Kennett would be proud. In light of what we now know, the member for Brisbane Central insults Jeff Kennett. He should apologise. The member for Brisbane Central is clearly confused about his role models. Joan Kirner, John Cain, John Bannon, Neville Wran, Brian Burke and Carmen Lawrence might be proud of the smoke and the mirrors, the mass of red ink, the censored Budget tables and the many tricks in this Budget, but he insults Jeff Kennett.

Jeff Kennett style Budgets for Queensland could become a reality if the foundations being laid by this Government in this series of Budgets continues to bear fruit of the type that has already been achieved and is projected, and has resulted in a Standard and Poor's watch on the public finances of the State of Queensland. However, Kennett style Budgets will never be delivered by the member for Brisbane Central. They are clearly not his style. By the time that need arises he will be reviled, like his role models, and he will be gone.

Another bottom line of this Budget that also makes it a depressing entrance for this great State to the new millennium, well apart from the deficit issue, is its central pessimism reaching way out into the Forward Estimates—very un-Queensland pessimism. Economic growth, which has been revised upwards to 5.7% from 4.75% for the coalition's 1997-98 Budget, fell to 4.75% in the first Beattie Budget of 1998-99 and is projected to be 3.75% in 1999-2000. That is almost two full percentage points down—a near halving of the growth rate between the coalition's last Budget and the acting Treasurer's election-year Budget. Those numbers are not expected to improve right out to the end of the Forward Estimates in 2003 and the reasons given are domestic and local, not international—it is not the Asian financial crisis but domestic considerations. That is a defeatist outlook.

Employment growth, which has been revised upwards to a strong 3.2% for the coalition's 1997-98 year, was down to 2.75% for 1998-99 and is expected to ease further to 2.5% for 1999-2000 and right out to 2003. Those are disappointing numbers. They are defeatist numbers for a Premier who says that he remains committed to 5% unemployment within the next three years. The coalition took jobs growth from a mere 5,800 under Labor in 1995-96 to over 30,000 in its first year and to over 50,000 in 1997-98. Who has the credentials in respect of jobs, jobs, jobs? Last year, growth fell numerically to just over 40,000 and a similar result is predicted in this Budget. According to the acting Treasurer, the jobs prospects are as relatively gloomy as the growth forecasts.

Business investment, which was over 10% for 1998-99, is expected to come back to 4.5% this financial year. That is a key number, because it is ultimately private business investment that drives jobs. Dwelling investment, which was up 12.9% in 1997-98, fell to 6.5% for 1998-99 and is expected to remain subdued this year. Household consumption is projected to be down from growth of 6.5% last year to 3.75%. Public final demand is projected to be not even one-third of the 7% growth last year. It is projected to be just 2%. In other words, almost every major indicator is down, down, down—and down both significantly and chronically—right out to 2003.

Therefore, this should have been a Budget of confidence building, which was the big issue for the coalition in 1996. The State had emerged haltingly from the recession that we were told by Paul Keating we had to have. What was needed from Government at that time was the creation of a mood: a restoration of confidence. One can do that in Budgets, and we did that in our Budgets and the coalition in Canberra did the same. It worked. The economy revived, and revived very strongly. That is what should have been attempted here.

On the surface, the use of deficits on the scale that has been employed by this Government might suggest that that is just what has been attempted, perhaps to the extent of being overdone, but it has not. Instead, we have a range of measures that are mostly constraining, not liberating, via both the revenue and the outlays side. We have an extraordinary level—an unparalleled level—of neglect of the basics.

I cannot remember a Budget where we have seen such an assault on the areas of Government service delivery that most concern the average Queenslanders. The Health budget was flagged for a 6% increase in pre-Budget publicity, which would in itself have been the lowest increase in Health funding for almost a decade. In fact, the increase was barely \$138m, or 3.7% on actual expenditure last year, when the already infamous 6% capital charge is included. That is despite a massive increase in health funding from the Commonwealth achieved by the previous coalition Government in negotiations with the Prime Minister, the Federal Treasurer and the Health Minister just before we left office.

In the same terms, the equally crucial Education sector gets an increase of barely 3.6%, which is again the smallest increase from either the Goss, the Borbidge or the Ahern Governments for more than a decade. Adjusted for inflation and enrolments, it is an effective cut. The Queensland Teachers Union is right.

Incredibly, the entire suite of law and order portfolios—Police, Corrective Services, Justice and Attorney-General—get between them barely half of what the Premier has awarded his own pen-pushing department. The increase to the Police budget is an absolute disgrace at 0.15%, or \$1.2m—an addition to a budget of \$800m-plus that really takes it backwards. The increase for the Police Service is absolutely dwarfed by the increase of \$58.7m, or 41.4%, for the Premier. To any thinking Queenslanders that is a disgraceful, ridiculous and outrageous comparison. But it is the reality of this Budget.

The increase for Corrective Services is 0.48%, or \$1.9m, compared with an increase of \$58.7m, or 41.4%, for the Premier. The increase for Justice and Attorney-General is 7%, or \$26.7m, compared with an increase of \$58.7m, or 41.4%, for the Premier. Between them the cornerstone law and order

departments get total real increases in this Budget of just \$30.8m. But what did the Premier do to his own department? What did this selfish Premier and acting Treasurer do for himself? He gave himself \$58.7m—48 times more than the increase he could find for the Queensland Police Service, 30 times more than the increase for Corrective Services, more than double the increase for Justice and Attorney-General and almost double the increase for the entire law and order arena. No Queenslander will see the slightest sense in that. No Queenslander will be able to understand a Premier who gives himself a budget increase 48 times that for the Police Service, 30 times that for Corrective Services, double the increase for Justice and Attorney-General and almost double the increase for the entire law and order arena. No Queenslander should forgive that.

The 41.4% increase for the Premier's Department compares with a cut of 9.1%, or \$26.6m, for the Department of Primary Industries. The 41.4% increase for the Premier's Department compares with a cut of 14.9% for the Environmental Protection Agency. The increase of 41.4% for the Premier compares with a cut of 30% in the budget of the Department of Mines and Energy. The Premier gets 41.4%; the Department of Natural Resources gets 2.6%, which in dollar terms is less than one quarter of the increase for the Premier. The Premier gets 41.4% more; the Department of Public Works gets its budget slashed by 33%. The Premier gets 41.4% more; the Department of Tourism, Sport and Racing gets 29.2% less. The Premier gets 41.4% more; Main Roads gets 9.6% less.

Mr Elliott: Shame on him.

Mr BORBIDGE: As the honourable member said, shame on him. Most disturbingly, the Premier gets a 41.4%, or \$58.7m, increase this financial year, but this year he can manage only \$10m of the \$100m the Forde inquiry recommended be applied urgently to child protection improvements in this State.

Mr Elliott: They should hang their heads in shame.

Mr BORBIDGE: As the honourable member said, they should hang their heads in shame.

That is far and away the most distasteful of the comparisons that can be made between the Premier's own greedy self-largesse and his scrooge act in relation to the bulk of departments. His claim that the bureaucrats could not deal with a greater increase defies the faith in his own ability to expand his own bureaucracy effectively and in an unprecedented manner. Growth in the staff of the Premier's Department is projected to be 107 by the end of this financial year, compared with the figure as at June 1998. He says he is going to fund out of that \$10m how many additional child abuse counsellors? Was it 16 or 17? He mentioned a number like that the other day. There will be 107 extra bodies in his department. Where are his priorities, his political sense of duty and morality? I would have thought that, if the Premier can manage to absorb an increase in his own budget of over \$100m in two years and find productive work for over 100 new staff in the same period, the Department of Families, Youth and Community Care, with the Forde blueprint to work from, could have managed a similar output and perhaps even more.

Only a handful of the front-line areas of Government get any substantial increase in this Budget, but only one beats the Premier's. It is not Health, Education, Environment and it is certainly not law and order. It is not a front-line service delivery department; it is the department of the Deputy Premier. The real increase in his department is \$79.6m, or 65%.

Mr Elliott: He must be in the right faction.

Mr BORBIDGE: He must be in the right faction this week, anyway. Again, there seems to be little doubt about the ability of that department to absorb dramatic funding increases as compared with the Department of Families, Youth and Community Care in the context of the Forde recommendations. That is another shameful signal to the people of Queensland as to where the priorities of this Government lie, that is, in the selfish, self-serving interests of the two big boys of the Beattie Labor Government. Such is the dramatic reordering of priorities of the Government of Queensland under the Beattie Labor Government! The basics are under siege. Central Government is looking after itself. Labor is back in town. There is much more money for the Premier, but much less for front-line service delivery—built around a 6% capital charge that will act as an extraordinary disincentive to the development of this State via social and capital infrastructure, particularly in rural and regional areas. It is a tax that will inevitably lead to real service cuts across-the-board. That is what undoubtedly is going to happen. That is what the Government wants to happen.

Under the BST, departments will either cop their budget cuts on the chin or they will seek to wind back their costs by an equivalent amount. There are a number of ways in which they can achieve that. They can simply slash their service delivery by the appropriate amount to meet the bill. In the case of Health, that would be by 4%—greater than its real increase in funding. That could be done by the closure of beds, wards, operating theatres and accident and emergency services—perhaps even by the closure of entire hospitals. There should be no illusion that that is precisely what this Government intends.

What it says, in terms that the National Competition Council and Mr Samuel would love, is that this tax will force departments to better manage their assets. We can read for that "reduce their assets"—our assets, the assets of Queenslanders. The reason they would do this is that to increase their assets is to increase their tax exposure; to reduce their assets is to reduce their tax exposure. What price, literally, the small isolated one-teacher rural school when its sale could help defray the costs associated with an enrolment increase in town? What price, literally, the small one-man police station in the rural village when there is a need for extra cars to fight the crime waves in the cities, with the cars and the batons being taxed? What price, literally, the community health centre in a regional town when there is a desperate need to defray the costs of a new operating theatre a long way away and the region cannot afford to cop the cost?

We get this furphy, "But the Feds do it." How many country hospitals does the Federal Government run? How many country schools, how many suburban police stations does it run? It does not do it. Of course, in capital works expenditure, in recent years large amounts have been spent in Queensland because the other States are not developing to the same extent. So obviously what fits somewhere else will work against us here time and time again.

This is hard core economic rationalism. Instead of going to Cabinet Budget Review Committee hearings, scratching and scrounging and fighting for schools, the Education Department will be trying to minimise its capital base to minimise its exposure to the Beattie stealth tax. Instead of going to Cabinet Budget Review Committee hearings, fighting for new capital expenditure in Health, the Health Department bureaucrats will be desperately trying to make do with what they have got. On and on and on that will go.

Why keep the Crown lands, carefully built up over the years, for future roads? Why not sell them and avoid the tax, particularly when there is, as Main Roads has this year, an effective 10% cut in its budget while vast sections of the State are crying out for roadworks. The department would sell the land to avoid the tax. What sort of planning is that encouraging? What sort of foundation is that for future roadworks? Why hold on to the land for a new hospital, a new school, a new DPI office, a new police station? Avoid the BST! Sell it! Reduce your ability to deliver better services in those areas!

BST avoidance will be the new game on the George Street block. That is going to reduce the scope and quality of Government services to the people of Queensland and that is precisely what the BST is meant to achieve. Along with the massive deficit, along with the defeatist forecasts, the BST is another of the facets of this Budget that make it a lemon—a big, yellow, Beattie Labor lemon and a very disappointing entrance for this great State to the new millennium.

There are many more. The alleged cut in payroll tax is another because it is an assault on another of the fundamentals. Queensland Governments have, for many years, again on a bipartisan level until this week—under this acting Treasurer, under this Premier—sought to absolutely maximise our tax advantages over the other States. Our prosperity over the years has relied on the maintenance and even the widening of those advantages. Ostensibly there is a cut in payroll tax in the Budget from 5% to 4.95% from 1 July and to 4.8% from July 2001. In reality, the cut represents a significant increase. How typical of the deceit and the duplicity of this acting Treasurer—a significant increase—because for the first time the superannuation contributions of Queensland employers from Budget day on Tuesday—he could not wait until 1 January; it is from last Tuesday—will become assessable for payroll tax.

Compulsory super contributions are now 7%. In three years' time they will be 9%. The inclusion of super contributions, therefore, means a major increase in the payroll tax burden, both by increasing the exposure of all existing payers and by bringing into the net many more employers who would otherwise have been below the \$850,000 threshold. So the Premier's description of that dishonest, deceitful manipulation as a tax cut is as honest as his description of the capital tax as an equity bonus. Of course, the measure is designed to bring in the maximum extra dollars in the election year Budget.

There is another such trick in the Budget, and it is only hinted at. It is potentially far more damaging. I refer to the new arrangements for public sector superannuation. What the Premier has done is reduce the Government contribution to public sector superannuation from 14.55% to a maximum of 12.75%, and the key word is "maximum"—not a firm, not a committed, not an always will be there 12.75%; a maximum of 12.75%. The proposition from Treasury was that 12.75% was adequate to protect the actuarial soundness of the scheme.

That may well be accurate—and I go to that level of certainty only because we have already seen before from Labor Governments in this State that actuarial assessments can differ. I refer in particular to the unfunded liability of \$400m in the workers compensation scheme that the previous coalition Government inherited and which was denied, allegedly on actuarial grounds, by Labor right to the death. In the same way, there is great danger in what is now going to occur in relation to the State super scheme because there is now indisputably a hole in the super bucket. The clear danger is that it will be widened as necessary to meet the political needs of the Government, not the actuarial needs of the scheme.

Last year the Government's contributions to super, according to the Budget, were \$732m. This year they are budgeted at \$674m, a reduction of \$58m. The result this year and the real time projection for the election year Budget of 2000-01 should be watched very closely right across Queensland because the reduction in Government contributions to super—potentially very major reductions in the contributions to super—means that those funds are now a source of emergency cash for strapped Governments. This is clearly a strapped Government, based not only on Treasury's calculations but also on Standard and Poor's calculations—the Premier's preferred rating agency on the issue of deficits. At least, it was his preferred agency until yesterday afternoon when it backed the assessment of Treasury in relation to the massive scale of the deficit in this Budget.

The cornerstone of this Budget is said to be the Premier's commitment to the Smart State. With the superficiality of the marketing tag aside, it is an effort to foster new industries and a new high-level skills base in this State that has been under way under Governments of both political persuasions in Queensland for a number of years with considerable success. It was not invented by the member for Brisbane Central. His predecessor in Labor, Mr Goss, worked hard at it. It was being worked on in the days of Mike Ahern and Russell Cooper and Joh Bjelke-Petersen. There was considerable progress made in the 26 months of the coalition Government and, to that extent, obviously any such program has our ongoing support.

Indeed, considerable aspects of the funding that the Premier now claims as his own, particularly in relation to his pet aspect of the effort, biotechnology, was in fact funding committed by my Government and by the Commonwealth as Centenary of Federation funding, secured and announced during the period of office of the previous coalition Government. It was not his idea; it was not even his money. It is a very worthwhile project and one that the coalition will seek to foster when it returns to Government, just as we did when we were last in Government.

I would make a number of points because on Tuesday the Premier in reality used this aspect of the Budget as his principal diversionary tactic. The numbers that back it up are in amazing disproportion to the spin that the acting Treasurer sought to put on it. This was, in reality, the glossy side bar of the Budget that was aimed at drawing attention away from the deficits, away from the BST, away from his abysmal performance in relation to child protection and away from his absolutely miserly treatment of the basic concerns of Queenslanders. It is in the context of those aspects of the Budget that the so-called centrepiece really has to be put in its rightful place.

The cornerstones of the Queensland economy remain mining, tourism and primary industries. The core service responsibilities of the State remain health, education and law and order. The broader core responsibility remains maintenance of a business environment that will maximise job creation in numbers sufficient to get the unemployment rate down.

They are the immutable facts. They are the sectors of the public economy and they are the public responsibilities that Governments must meet first. If there had been an adequate place for those core responsibilities in this Budget—adequate respect and adequate dollars—then I could give the Premier considerably greater credit for his so-called centrepiece, but it earns its place as a side dish in this Budget by a vast range of measures. Many of them are related to measures that are in the Budget. Many are related to some measures that are markedly absent from this Budget.

We have an abysmal increase in the Health budget. We have an abysmal increase in the Education budget. We have levels of funding across-the-board on the law and order front that are simply disgraceful. We have the unforgivable neglect, on a very spurious basis, of the Forde inquiry's primary recommendation. We have significant effective cuts in the support mechanisms for our major industries at a time when, on the Government's own judgment of the future of the economy, there is a clear need to increase our efforts. The DPI budget was slashed by \$27m. That is the pattern across the core Budget areas in terms of those portfolio responsibilities that have the highest capacity to create most of the jobs in Queensland.

I do not recall reading in any Budget paper the words "small business". Small business is our biggest employer. It is the biggest employer not only in this State but also in this country. Where is it in the Budget? It does not even rate a mention. We have plenty of gloomy projections that must mean very major challenges ahead for the entire sector. This is a Government that claims to be preoccupied with jobs, jobs, jobs. I say: deceit, deceit, deceit—lies, lies, lies.

Where are the imaginative measures from Government to give small business a hand over the next four years of apparently moderate growth? The fact is that they are non-existent in this Budget. That is another reason I find it difficult to get overly excited about the designation that this is a smart Budget for a Smart State. It is a half smart Budget by a half smart acting Treasurer.

The final reason I find it difficult to get too excited is that, in the final analysis, the commitment to the Smart State is as modest as many other commitments in this Budget, even in comparison with the benchmark increase the Premier has given himself.

These are undoubtedly the main issues in this Budget. There are many important matters that I have not canvassed. As the debate proceeds, other speakers will detail the shortcomings in particular portfolio areas. I will, however, conclude with this assessment. This is probably the worst Budget presented in this Parliament in my experience and, I suspect, in the experience of any member present.

Mr Elliott: Hear, hear!

Mr BORBIDGE: The father of the House concurs. It was presented in a fundamentally dishonest way. It contains a massive deficit, with deficits piling upon deficits across all three of his budgets at levels we cannot reasonably even guess at because of the level of censorship. It is disgracefully neglectful of the basics. Its capital tax will derail and distort the development of this State, and it is intended to do just that.

As I said at the outset, this is a massively disappointing way for this great State to enter the new millennium. I suspect that a major reason for all of that, to be charitable to the Premier and to the stood-aside Treasurer, is the net bet scandal. I think this Budget is evidence of a Government that fundamentally dropped the ball, that effectively lost the plot. With the former Treasurer gone and the acting Treasurer acting, there were no brakes—no active political minds at work on it—and the result is an unmitigated disaster for Queensland.

Who would have thought that in this great State, with the strength of our public finances built up over generations, we would have seen a media release issued by Standard and Poor's to the effect that it had placed Queensland on watch? Who would have thought in such a short time the member for Brisbane Central could have taken action that resulted in Standard and Poor's releasing a statement, entitled "Queensland Budget Shows Weakening Finances", which states—

"The fiscal forecasts in the Beattie Labor government's second budget brought down yesterday is for the underlying finances of the Queensland government to weaken in fiscal 2000 before recovering in subsequent years, said Standard & Poor's.

'In contrast to recent years'—

Who was there in recent years? Guess who? It continues—

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

These are not my words. They are the words of Rick Shepherd, the director of public finance ratings. The statement continues—

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

It goes on to state—

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

And further—

"Standard & Poor's will be watching closely that the government is able to realise the forward estimates of an improving underlying financial position."

What an achievement! What a Premier! What an acting Treasurer! What an actor. What a danger. What a threat.

To be fair to former Premier Wayne Goss, both sides of politics sought to maintain the financial legacy that we inherited in this State after decades of conservative Governments up to the late 1980s. The Goss Government essentially did. The Borbidge Government did. Now what we have, according to Treasury and according to Standard and Poor's, is a watch on the performance of the Government of Queensland. A \$1.2 billion deficit in fiscal 2000—

Mr Beanland: Queensland's John Cain.

Mr BORBIDGE: Queensland's John Cain, as the member for Indooroopilly says. I just hope that he will not be there long enough to take this great State down the path of disaster that his counterparts in Victoria and elsewhere did.

Mr Springborg: John Cain with a smile and less hair.

Mr BORBIDGE: As the honourable member says, John Cain with a smile and less hair, although the latter applies to many of us these days.

This could have been a good Budget. This could have been a Budget that positioned Queensland for the new century and the new millennium. Instead, this Budget is an unmitigated disaster. This Budget has set the alarm bells ringing. Instead of the light going to green, it is on amber.

This Premier, this acting Treasurer, has sole responsibility for the way in which he has undermined the proud financial legacy of successive Governments of Queensland. He will pay for it. He will live to rue the day.
