



Speech by

Hon. RUSSELL COOPER

MEMBER FOR CROWS NEST

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1999 STATE BUDGET

Hon. T. R. COOPER (Crows Nest—NPA) (4.49 p.m.): Yesterday, Standard and Poor's issued a press release headed "Queensland Budget Shows Weakening Finances" and which stated—

"In contrast to recent years, the general government sector is expected to slip into the red in fiscal 2000 ... A general government underlying cash deficit of A\$0.4 billion is forecast compared with a small surplus in fiscal 1999.

...

For the state sector as a whole a cash deficit of more than A\$1.2 billion is forecast in fiscal 2000 after recording a cash deficit of A\$0.4 billion in fiscal 1999. A 25% increase in the capital program of the public trading enterprise sector will be financed by an increase in borrowings of A\$1.3 billion."

That is a wake-up call. I did not think that I would ever see something like this. For decades in this State most Governments have insisted that the Budget be in the black. Both sides of the Parliament have had a very good record in adhering to that principle, and we have been the envy of all of the other States. We have seen what has happened in other States. For example, we saw WA Inc. and also what Cain did in Victoria. I would have thought that we would have learned from those lessons.

Obviously, the Premier of this State has not learned anything. As the acting Treasurer, he has to bear the responsibility for this Budget. Although the Budget might give him some satisfaction, there is underlying concern that we have gone into the red for the first time in decades. As I said, that is sending a dreadful message to the community. The Goss Government was a disaster for rural and regional Queensland. It closed down just about everything. It tore the heart and soul out of the Department of Primary Industries, which lost some 700 personnel. Courthouses and railway lines were closed. That Government was disastrous for the State. There was an attempt to rebuild rural and regional Queensland. However, in this Budget we see a slashing of some \$27m from the DPI budget. Again, that sends a very gloomy message to primary producers.

Last year, the Beattie Government had the luxury of releasing what was, in the main, the former coalition Government's 1998-99 DPI budget. Apart from some important changes, such as the scrapping of the western aquaculture project and the scrapping of the new conference centre at the Kingaroy DPI offices, it was in essence the same budget. But this year the Minister had to do it on his own. He has had to fight for the bush before the Beattie Government's Budget Review Committee. Sadly, the bush's worst fears have been confirmed. The Minister's lack of clout in the Cabinet and the Beattie Government's low regard for primary industries have been borne out in the 1999-2000 Budget. As I said, DPI's budget has been slashed by \$27m. This was the first real opportunity for the Beattie Government to show that it was serious about regional development and supporting Queensland's primary industries. But it has squibbed. The big claims have been shown to be no more than rhetoric.

The Beattie Government has failed to deliver and the Budget gains of the coalition are already being plundered to prop up this Government's pork-barrelling efforts in its own electorates and the marginal electorates on the coast. The DPI's capital works program has been slashed by 20%. Those cuts come on the back of some extraordinary capital works results over the past 12 months. The Centre for Dry Tropics suffered the Beattie Government's notorious go-slow disease in the past year, with only \$266,000 of the budgeted \$600,000 spent. After slashing our budgeted expenditure of \$3.8m for an

upgrade of the pilot plant at Hamilton to \$3m and allocating \$600,000 for the past financial year, only \$1,000 was spent.

The go-slow meant that only \$387,000 of the budgeted \$420,000 was spent on the upgrade of the Maroochy post-harvest facilities. Only \$2.8m of the budgeted \$5.9m was spent on vessels replacement, and this year's allocation has been pruned back to \$1.7m. This is in spite of the problems with prawn poaching in Moreton Bay, illegal fishing and the like. How are Boating and Fisheries going to keep up with the crooks? And how telling are these cuts, given the Premier's regular bursts in the media about the ineffectiveness of the Federal Government-funded Coastguard? There has been no shortage of illegal activity within Queensland's jurisdiction. But what is the response of the Beattie Government? It cut the resources of the Boating and Fisheries Patrol. Vessel upgrades have been downgraded. The coalition wonders whether they have enough fuel to run their boats. Whatever happened to the Government cleaning up its own backyard before it criticises others?

Equity returns on the department's capital works—the new Beattie stealth tax—will cost DPI \$11.3m this financial year. This is one of the most regressive taxes ever imposed. In imposing this tax, the Government will stymie regional development. To use the Premier's words, departments will scramble to "maintain an efficient capital works structure". The Government has inevitably sounded the death knell for capital works in regional Queensland. It will not be a surprise when various departments start deeming rural and regional infrastructure and services as inefficient. Inevitably, that is what will happen.

This Government has forgone Government community service obligations. It has put at risk every single road, railway, powerline, bush school, bush hospital, water storage and DPI office. This is a tax on the development and growth of Queensland and the implications will be most serious for regional and rural Queensland. I make a prediction now: grassroots research and extension services will bear the brunt of the \$27m in budget cuts. Not only has this Government imposed a massive budget cut; it has now announced the establishment of what is shaping up to be little more than another layer of bureaucracy. The so-called Agency for Food and Fibre Sciences is little more than a reshuffling of the bureaucracy—the usual smoke and mirrors, at which this Government is a past master. No new money has been provided to fund it, and with \$27m in budget cuts, the money has to come from somewhere to fund it. The Queensland Food and Fibre Science and Innovation Council is to be chaired by the Minister and include representatives from industry, science and business. It has a nice title. However, we question what it will do that is not already being done by the institutes and the advisory councils. Will it duplicate their work or will these bodies simply be sacked? Where will the money come from to fund these two structures? Will it come from the institutes or the advisory councils? What role will these bodies now play?

Mr Palaszczuk: The money's there.

Mr COOPER: We want to know more specifically whether the institutes will remain and not just hang around wondering what to do. They should have something of value to do, as they have had in the past. We are seeing a duplication. The new Agency for Food and Fibre Sciences is another layer of bureaucracy. Only time will tell whether it has a role. We are extremely concerned that this is an attempt to downgrade and do away with it.

Mr Palaszczuk: Don't be a knocker.

Mr COOPER: I am not being a knocker. We set them up. We do not want to see them knocked down. The Minister is the one who could be knocking them down. We do not want to see that. We are making our point very clear. We will get some answers from the Minister in due course.

The very great fear amongst industry—a fear that I share—is that the money will come from the institutes and from on-the-ground research and extension services. I am yet to be convinced that the AFFS will do little more than add another layer of bureaucracy and another layer of expense for little or no benefit to the farmers. We want the Minister to detail his commitment to those institutes and their roles. I hope the Minister can prove the industry's and my own fears to be groundless, and I challenge him to do so.

Mr Speaker, this is a Budget which takes us back to the bad old days of the Goss Labor Government, when millions of dollars were plundered from DPI's budget over a six-year period, during which time nearly 700 staff were sacked and a loan was taken out to pay out those staff—a loan that the coalition Government inherited and which the DPI is still paying off. The bush has already started to feel the impact of the Beattie Government's anti-water development, anti-timber industry and anti-vegetation management policies. Now it has received a budget to match.

The Beattie Government has again refused to uphold the coalition's Budget commitment to scrap stamp duty on crop insurance and loan refinancing. That is an initiative that would encourage farmers to hedge against risk and reward farmers for insuring their crops by removing the 8.5% stamp duty on crop insurance. It is an initiative that would save \$1,200 for a farmer refinancing a \$300,000 loan, and it would save a farmer \$3,000 when refinancing a loan of \$750,000. This is not an expensive

initiative for a Government in the context of a multibillion-dollar Budget. However, it is an initiative that would save farmers thousands of dollars. And every dollar counts.

This Budget has also grossly neglected the vital area of animal health. In light of the increasing emphasis being placed on clean and green animal products in all our markets and, indeed, all agricultural products, this is a glaring example of how out of touch this Budget is with the priorities of Queensland's primary industries. Market access is fundamental to the success of our primary industries. As international trade gets more and more competitive and consumers become more and more discerning about the food they eat, the maintenance and improvement of our disease status is paramount.

No more graphic example is the requirement of the European Union that Queensland now prove that it does not have mad cow disease. We know that we do not have the disease in Queensland, but our word is not good enough anymore. We have to prove that we do not have it in Queensland, and that requires research and testing, which requires money—money that the Animal and Plant Health Service in DPI desperately needs to improve our disease-free status for this disease and for others, to enhance our international reputation and to retain existing markets and to open new markets. It is getting harder and harder for our primary industries to compete on the world stage on price alone. Members have only to ask the pork industry about that.

Possibly our greatest advantage is animal health, but we can no longer take that for granted. With freer trade access, it is now more important than ever to maintain our quarantine standards. It is a big investment, but it is money more than well spent. The British have experienced the closure of their beef market virtually overnight because of BSE—mad cow disease. That nearly destroyed their industry. We never want to find ourselves in that situation.

Instead of diverting resources to this all important area, the Beattie Government has slashed animal health spending by \$9m. Despite the strong support from industry and the coalition's commitment to bipartisan support, I am dismayed that the Beattie Government has not provided any funding or even a commitment to fund the proposed animal health institute. That institute, which would involve combining and capitalising on the financial and intellectual resources of the University of Queensland, the CSIRO and the DPI, has the potential to not only shore up our own animal health status but also develop a whole new market for Queensland—a potentially multimillion-dollar market in intellectual expertise. It is ideally suited for inclusion in any Smart State initiative. It is about planning and providing for the future. It is visionary stuff and, in refusing to back it, the Beattie Government has shown just how much it lacks vision for our primary industries.

While the Beattie Government likes to rant and rave and stage play on National Competition Policy, the Budget documents reveal no lessening in its commitment to pursuing it. No less than four NCP reviews are planned for the fiscal year ahead—for Fisheries, veterinary surgeons, sawmills and veterinary chemicals. Nowhere in this Budget is there any specific assistance provided to primary industries as a whole or individual primary producers who are hurt by this implementation of NCP.

This Budget also heralds the beginning of staff cutbacks. The Beef Industry Services Unit, which services Queensland's second biggest industry, worth some \$1.2 billion, is to lose 11 staff, down from 216 to 205. It is inconceivable that, after the hard work of the former coalition Government to reverse the tide of nearly 700 sackings, redundancies and retrenchments during the Casey and Gibbs era, the rot has set in again under the Beattie Government.

I wish to comment on some of the wish lists that we have seen around for Primary Industries from the Queensland Farmers Federation. It had a wish list as far as this Budget is concerned, as most of these bodies do. As far as funding and action for water infrastructure development is concerned, there has been no defined or significant commitment provided for water infrastructure. Funding was provided for St George off-stream storage and ongoing works in the Burdekin River irrigation area and the Mareeba-Dimbulah irrigation area. That was last year, and there has been little or no progress. There is no mention of Nathan dam or Paradise dam, so the freeze continues.

A \$100m financial incentives adjustment package through QRAA over 5 to 10 years to assist land-holders to meet the requirements of new legislation for tree clearing has not been provided. DPI funding to be maintained in real terms is another one on the wish list, yet we see a cut of \$27m. That cut of \$27m is clearly stated in the Budget papers. In its own words, the Budget summary on page 56 of Budget paper No. 4 clearly states that the Department of Primary Industries 1999-2000 total estimated funding is \$275.3m. After adjusting for the equity return, which is the 6% tax, in 1999-2000 there is a decrease of \$26.6m on the 1998-99 total actual. There is no dispute about that. The funding comes from actual spending in 1998-99 of \$290.597m down to an estimate in 1999-2000 of \$275.285m. That is a difference of \$15m. Add to that the \$11.3m, and one comes up with the \$26m that the Budget papers refer to. It is there for anyone to see. I think that is unbelievably sad.

As I said, the Minister—or certainly the Government—has decided to ignore the wish lists from these various primary industries groups. I have mentioned their wish for the Government to abolish

stamp duty, crop insurance and loan refinancing. That would not cost a Budget much at all—not in the context of over \$16 billion. It would not have been much to ask and it would have been a great thing for primary producers to be encouraged to take out risk insurance, which is what we want them to do. They must be encouraged to do that, but we have missed the chance again. The Borbidge Government did introduce that, but it was taken out, and I think that is tragic. There are always going to be natural disasters of some description or another. It would be good if we could start to get farmers to insure against those sorts of things by way of risk financing in some way, shape or form, and I know the Minister agrees with that. It is just a pity it was not provided.

Funding to assist rural industries and individual producers adversely affected by NCP—National Competition Policy—was on that wish list, and none has specifically been provided. Most people have found—and I know this includes members on that side of the House because I have talked to them—that in this Budget and the Budget papers it is very, very difficult, and deliberately so, to find out funding of these individual items. They are obviously not there. We will bring more of the detail of that out during the Estimates hearings. However, it is a pity that people have to resort to that sort of tactic to try to get their Budget through with an indication that everything in the garden is rosy. It is always found out later—as we are finding now from Standard and Poor's, and more and more people and bodies will discover this—just how fake a Budget is. As I said, that sleight of hand will always be found out, as we will do that when the Estimates hearings come around.

I mentioned the Queensland's Farmers Federation. It gave the Budget a score of 7 out of 10. I find that incredible. Most of the people who normally support the Labor Government have belted the Budget. I do not know how anyone could rate a rural Budget as 7 out of 10. It is absolutely beyond me that they can do it when we have seen a \$27m cut in the Primary Industries budget. That will not even cover the increase in the CPI. The members of the QFF, Agforce and various other bodies are the ones who are going to suffer from a Budget such as this, yet the QFF seeks to praise it.

I am saying to those rural organisations that they should be sticking up for their own members, their own constituencies; they should not be crawling to a Government that kicks them in the teeth such as this one has. As far as I am concerned, if these rural organisations are going to hold onto their members, they should be sticking up for their members. That should be their first priority, just as it is with the union or any other such body: one sticks up for one's union, one sticks up for one's members—the people who pay the levies—and indicate to them that the trouble is on the way. It has to be on the way because when a Budget such as this cuts the funding in the rural sector that is on its knees and has been for 10 years, this is not the way that one demonstrates rapport. That sends a shocking message out to those people.

As far as I am concerned, who would want to be part of organisations when they give a tick to a Budget that has gone into the red for the first time in decades? The QFF giving it a score of 7 out of 10 I find unbelievable. As far as I am concerned, it would not be worth three and a half or four. As we know in relation to all Budgets—and I have seen quite a few since I became a member of this House—the devil is in the detail. We find that out as time goes by and we conduct more and more questioning and probing.

What is alarming though, of course, is the format of this Budget in that it is designed to hide. That again sends a bad message: if there is something to hide, there has to be something smelly underneath it. That will all come out in the long run. In the short run, when groups comment on the day of a Budget and give it a big tick, they find out later how stupid they are and wrong they have been. They will find that out as far as the Department of Primary Industries is concerned. As I said, I think that is sad and tragic for an industry that is still on its knees and will take a long, long time to recover. This Budget does not get any marks as far as we on this side of the House are concerned. We will pursue the rest of the detail in the Estimates hearings.
