



Speech by

Mr R. QUINN

MEMBER FOR MERRIMAC

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BUDGET 2000

Mr QUINN (Merrimac—LP) (Deputy Leader of the Liberal Party) (2.43 p.m.): When the Treasurer introduced this Budget to the House he said it was a Budget for battlers, a Budget for families. Nothing could be further from the truth. The reality is that this is an anti-battler Budget, an anti-family Budget and an anti-business Budget. It is a Budget for no-one. In fact, it is a betrayal of the working class people because it gives them false hope.

The previous speaker mentioned that we have been talking this Budget down. We are not talking it down. The Government's own Budget figures talk it down. We will go through those figures in a moment and the House will see why it delivers false hope to those people the Government is supposed to be representing here in this Chamber today.

The Budget will, in fact, prevent jobs from being created and will lock this State into a high unemployment rate. That is the betrayal that the Government has perpetrated on the working class people it thinks it supports, because it is giving them false hope. The Budget, in fact, will make even more of a farce of the Premier's target of 5% unemployment over the next however many years he wants to extend it out to. This Budget sends a clear signal to everyone that the Government has run aground, it has lost direction and it has no answers to the problems that confront it. The fact that unemployment has flatlined at about 8% for months and is predicted to continue that way when the rest of Australia has made significant gains is a clear indication of this fact.

The unemployment figure is the visible sign of fundamental problems that the Government has presided over. These are the figures that come out of its own Budget papers. So do not accuse us of talking down Queensland. Those are the figures in the Budget. For instance, I will look at economic growth. Under the coalition it was 5.75% in the context of an Asian economic crisis. What is the record of the ALP? In its first year, 4.75%—a 1% drop straight off the bat. The second year, 4.25% growth—another 0.5% drop. This year sees the third drop in succession; 3.75%—another 0.5% drop. That is the reality coming out of the Budget.

Employment growth is falling away. In fact, when totalled up there is a 2% drop in three years—that is more than a 30% drop in that period. That is the reality. When one looks at the job figures, one finds similar sorts of figures coming out of the Budget. Jobs growth in 1997-98 under the coalition was 3.2%. In the first year of Labor, 2.7%—down half of 1%. The next year it was down another half of 1%. This year's forecast is down another 0.2%—that is down a total of 1.2% in three years. It is the same sort of scenario. All the figures are heading south; there is no good news there. These figures come out of the Government's Budget. Do not tell us we are talking it down. The facts are there.

In raw numbers, what does that mean in terms of jobs? In the coalition's last year in power, 60,000 jobs were created. In that last year 40% of the jobs in the nation were created in this State. What about last year under the ALP? Its record was 36,100 jobs last year. What is the prediction this year? It is 31,000—the same sorry story. All the figures are heading out the back gate. This State has gone from being in the position of the leading creator of jobs to back near the tail of the pack—all in three years—and the figures are in the Government's own Budget documents.

A Government member interjected.

Mr QUINN: So do not accuse us of talking down the Budget. The member's problem is he cannot read. Get in there and read the documents. Stop taking the spin from the Minister's press releases, and have a look at the fundamentals to see what is going on. Then he will understand what is driving the economy and why those figures are so bad. That is why Government members are betraying the working class people of this State, because they refuse to look at these figures. They turn a blind eye; they pretend they are not there. Government members talk about the number of teachers and the number of nurses that this Budget provides. Yes, the Budget does provide additional teachers and nurses, but it is only a short-term gain because down the track will come the long-term pain, and that is when working class people are going to really feel it.

What does the Premier say about this trend? When he is challenged about it in the House he uses any excuse that comes to mind. Interest rates are rising is one excuse. This morning he claimed it was the falling Australian dollar. That was a laugh. We got a belt out of that one. Then we had the Asian economic crisis. Then his old favourite, of course, is the GST. Every time something goes wrong, it is the GST. The Premier can hardly keep a straight face when he parrots his excuses. Why? Because he knows it is not true. He knows what he is saying is false. He can hardly stop smirking every time as he sends out the false messages. He is going through the motions because he knows that it is his only defence against his own poor performance. He parrots out the GST. It is the Government's own policies that are generating such a bleak future for many Queenslanders. It is his own Government policies that are seeing Government expenses outrun Government income. That is a clear signal that this Government is living beyond its means. That is why the Treasurer has had to raid the GOCs. It is well documented that their debt levels have increased substantially over the past 12 months, as he continues to demand more and more after-tax profits as dividends from these GOCs.

That is why their debt levels are rising. In fact, over the past 12 months their borrowings have risen from 30% to 80% of their capital requirements, or are expected to do so. The only way in which those GOCs can repair those debt levels would be to increase prices to consumers. In terms of electricity, that is the scenario. Down the track, in order to recover from that debt level—

Dr Watson: They get an extra 3% this year, remember.

Mr QUINN: Yes, that is right. They received an extra 3%. Further down the track, there will be more price rises. The Government is setting up people for rises in electricity prices further down the track as the GOCs seek to repair their debt levels.

As I said before, Mr Beattie's own policies are generating this bleak future. His own policies have increased the cost of running Government while expenditure in key areas such as Education and Health have fallen. As I said, this is not a Budget for battlers, this is not a Budget for families; this is a betrayal of those people. Mr Beattie's own Government policies have seen the rate of fixed capital formation dive. Today in this place I heard an expert explanation from my colleague Dr Watson of fixed capital formation and its effect on job generation in this State. There is a clear signal to the private sector not to invest in this State.

How has business responded? Business investment was down 4% the last financial year; machinery and equipment investment was down 4.75%; and building construction was down 5.9%. The list goes on. So in reaction to the Government's policies, business has started to wind down. They have started to close their wallets. As I said before, all the key indicators are heading south. Business has seen it and it is starting to react as well. So how can we have jobs created when the primary creator of jobs is private enterprise? How can this Government stand here and say that it is a Government for the battlers, it is a Government for the families, when, in fact, the jobs scenario is so bleak and so uncertain?

This is the third underlying deficit that this Government has brought in. In 1998-99, it had an underlying deficit of \$923m. In 1999-2000, another \$495m went on the Bankcard. This year, forecasts are for another \$197m on the Bankcard. The total is \$1.615 billion on the Bankcard. The reality is that somewhere that money will have to be repaid. It is not a gift from Santa Claus; it has to be repaid. At the moment, the deficit is supported by borrowings but, as I said, those borrowings have to be repaid.

It is quite clear from the documents that at the moment the Government is living beyond its means and at some time it has to repay its debts. How does it do it? Its options are like those that everyone else, or families, have. Once we live beyond our means, we have a number of options. What are the options for this Government? It can sell assets to discharge its debts. However, there are not too many around now. There are a couple out there, but I understand that the Government has a few problems with them. Another option is to cut back on essential services, such as the number of teachers, nurses or police whom the Government might employ in the future. That is a betrayal of working class people whom the Government so often tells us that it represents. What is another option? The Government can raise State taxes and charges—it can raise payroll tax, it can raise registration fees or any other tax that the Government can find that falls within its ambit. That is also a betrayal of working class people and families. Of course, another option is for the GOCs to increase their prices,

such as increase electricity prices to reduce their debts. Those are the only four options open to the Government.

However, any of those options is a betrayal of working class families, the people whom the Government claims to represent. That is why this is a harsh Budget. It is not a Budget for Queensland; it is a cynical Budget designed for an election. It will get the Government to the next election, because none of these borrowings will have to be repaid until that time. The next Budget will be brought down after the election. Then we should watch out. That is when things are going to bite. That is when the Bankcard bill will be due. How will the Government of the day pay it? At that time there will be some tough decisions to make.

As I said, I am not impressed by this Budget. I do not think that business will be impressed by this Budget. The more we delve into it, the more we understand how it is going to cost families, how it is going to cost the battlers, how it is anti-business and how it will cost jobs. All the things that this Government should be doing are not embodied in this Budget. As I said, it is a very cynical Budget.

I want to conclude by saying a couple of things about Education. In the Budget documents we have seen that Education capital expenditure has dived. In the 1999-2000 Budget, it was \$327m; actual expenditure, \$284m. This year, that capital expenditure is down to approximately \$227m. I have forgotten the exact figure. However, the reality is that out of the allocation in the 1999-2000 Budget, the actual expenditure was under that figure by some \$43m. I presume that that figure will be rolled over into this year's capital budget. Of course, that will mean some schools, or some facilities that were programmed for completion last year have not, in fact, been delivered and will come on to this year's program. When we look at the raw Budget figures for this year, we notice that already they are down \$100m on last year's Budget figure. However, I acknowledge that the documents say that there is some reclassification of some items in there. So that figure may not be a neat \$100m. I suspect that we will not know the exact position until the Estimates committees are held. However, the reality is that the \$43m that was budgeted last financial year was not spent. So a number of schools were gravely disappointed.

The other point that I want to make is that even the QTU was not impressed by the Budget. They said that it was disappointing. They saw no extra funding in real terms to address areas of urgent need. They acknowledged some of the areas that received some attention, such as the initiative to provide 800 extra teachers over the next three or four years. However, the QTU were disappointed with the Budget. If one interest group was to come out and support the ALP, it would be the QTU. However, that is not so. The QTU is also reading between the lines of this Budget.

As I said, the more we get into this Budget, the more we find that it is not as it was presented to the House. It is not pro-family, it is not pro-battler; it moves in the opposite direction. In the longer term, those people will be paying. As I said, it is a Budget that provides for short-term gain. The members opposite will have a good time going around talking about extra teachers, extra police, extra nurses and what they got for their electorate, but later on the bill has to be paid. That is the reality of this document. The more debt the Government racks up, the harder it is later on to repay the debt. We have seen that before.

Mr Sullivan: We are not going to do a Joan. You know that.

Mr QUINN: She had balanced Budgets. This one is not a balanced Budget. We did it right, and we know that this Government is not doing it right. This Government has brought down three deficits in a row. The former Government never did what this Government has done. So I will finish off saying that, as I said before, the idea that this is a battlers' Budget or a families' Budget is a complete furphy. In fact, in the longer term there will be pain, pain and pain.
