



Speech by

**Mr DOUG SLACK**

**MEMBER FOR BURNETT**

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Hansard 9 November 2000

**APPROPRIATION BILL [No. 2]; APPROPRIATION [PARLIAMENT] BILL [No. 2]**

**Mr SLACK** (Burnett—NPA) (5.23 p.m.): I believe this is an appropriate time to look at how we are performing as a State. Many earlier speakers in this debate have done that, particularly the Leader of the Opposition and the shadow Treasurer.

I would like to make some comments in respect of the way I see it and also support the comments that earlier speakers have made. I begin by saying that day after day we sit in this Chamber and the Premier comes in and tells us all about the achievements of the Queensland economy. He espouses that message broadly throughout the electorate—throughout the State. Obviously, one would expect him to do that. We would expect him to talk up the Queensland economy relevant to what we can achieve. This would give confidence to our people and to people who may want to invest in our economy.

I do not believe in being negative. I do not think it pays to be negative. One diminishes confidence in business if one is negative about the prospects of the outcomes for the State with respect to other States and other economies. Having said that, the Opposition has a responsibility to point out the failings of this Government. We need to point out where the Government and the Premier are misleading the people with regard to economic management.

The measure of how well the Queensland economy is doing should be the measure in comparison to other Australian States and the overall performance of the Australian economy. On comparative terms the indicators show that we are not doing so well, or as well as we should be doing. The comparative figures were earlier given to the House by the Leader of the Opposition.

The unemployment figures came out today and I believe we went up a notch to 7.6%. As the Leader of the Opposition pointed out, our last unemployment figures were 7.5% and the Australian figure was 6.4%. Queensland had the third highest unemployment rate, being only above South Australia on 7.6% and Tasmania on 9.7%. This is not a good indicator and it is not a reassuring figure for the Premier and the Government who are looking at achieving a 5% unemployment rate.

We can go a little further and look at the number of bankruptcies. In Queensland in 1997-98 we had 1,352 bankruptcies against an Australian average of 691. Again, that is not a good indicator for the performance of the Queensland economy. In 1998-99 Queensland had 1,678 bankruptcies against the Australian average of 844. Again, that is a very negative figure as far as business confidence is concerned.

I come now to consider the number of venture capital investments. In the December quarter of 1999, New South Wales and Victoria had 89 venture capital investments and Queensland, Western Australia and South Australia together had 34. Of that figure, Queensland had only nine.

If one looks at the total for 1999 one sees that New South Wales and Victoria had 269 and Queensland, Western Australia and South Australia had 102 between them. Of that figure, Queensland had 31. That is not a figure that will give confidence to business operators and investors.

The Leader of the Opposition referred to preparedness for e-commerce. Queensland ranked second last with Tasmania, just ahead of the Northern Territory. Surely, they are not figures that the Premier would want to speak about. He would not want to hear the Leader of the Opposition, or me, saying that they are the figures that Queensland is enjoying in comparison with the rest of Australia.

This morning I heard the Deputy Premier—and I have heard this many times—trying to pass off the failings of the Queensland economy on the GST. One would think, when listening to the Deputy Premier, that the GST applied only to Queensland. Of course, we all know that the GST applies to the whole of Australia. So there is no doubt in my mind that when the Deputy Premier keeps harping and harping and knocking and knocking and being negative about the GST and the implications of the GST on business, he is indulging in a very cynical exercise of political opportunism. I give the Premier his due: in this instance he has not been quite as negative as the Deputy Premier. However, that negativity is counterproductive because, at the end of the day, it erodes business confidence.

The latest QCCI Pulse survey indicates this erosion of business confidence. I know that the Deputy Premier has used the QCCI survey results to demonstrate to the Parliament that the GST and petrol prices are causing problems for business. However, as I said earlier, we should make a comparison between Queensland and the rest of Australia to gauge a true measure of how Queensland is doing and how people see Queensland doing. In terms of people's expectations of the Queensland and Australian economies, the QCCI Pulse survey showed that 37% of people expect the Queensland economy to be weaker or much weaker this time next year. I ask members to remember that figure. Thirty-one per cent expect a somewhat weaker or much weaker performance in the Australian economy. So 6% less than the 37% of the people surveyed think that the Australian economy will be weaker. In other words, a higher percentage of people think that the Queensland economy will be weaker this time next year. In terms of Queensland and Australia's business environment, 34% of respondents classified Queensland's business environment as good to very good, whereas 39% classified the Australian business environment as good to very good.

Mr Deputy Speaker has studied economics and he would appreciate the significance of these figures. That survey demonstrates that the business community believes that the Australian economy is performing much better than the Queensland economy. Despite the negativity of the Deputy Premier in terms of the GST, which is nationwide, and the excise levied on petrol, which is a Federal issue, businesspeople have judged that the Australian economy is better than the Queensland economy. I sheet home some of the blame for that result to the Deputy Premier in that he is destroying confidence in the Queensland economy with his negative attitude towards the GST, which is a fact of life.

The GST was introduced by the Federal Government. The Federal coalition won the last election on the promise that it would introduce a GST. Of course, there are humps in respect of the first return of the business activity statement. It is recognised that it is a complex process and that many businesses are having problems meeting the requirements of the business activity statement and that it is costing them. It also places time constraints on people in respect of the management of their business.

The question that we have to ask ourselves is: why is the process so complex? My understanding is that the Australian requirements are about an inch thick whereas the New Zealand requirements are only about a quarter of an inch thick. The reason for that is quite obvious. The New Zealand GST is based on what the Labour Government of the day introduced. It was a simple goods and services tax that applied to most things, including food. The New Zealand Government did not have the exemptions to the tax that the Australian Federal Government was forced to make by the Democrats and the Labor Party. The Labor Party, by default, ensured that the Democrats were able to get the amendments to the GST that they wanted. As a result, we saw people question why an uncooked chook is GST-free whereas a cooked chook attracts a GST, and so on. However, the reality is that the blame for the difficulty that businesses are facing in getting over the hump of returning their first business activity statement can be sheeted home directly to the input of the Federal Labor Party and the Federal Democrats.

I would like to take a moment of the time of the House to outline the experience that I and several other Opposition members had with the GST some years ago. We were part of a delegation to New Zealand after the New Zealand Labour Government had introduced a GST. At that time the Federal Opposition, under the leadership of Dr Hewson, was proposing to introduce a GST in Australia. I ask members to bear in mind that it was some time before the then Labor Treasurer and later Prime Minister, Paul Keating, had proposed to introduce a GST. As part of that delegation, I well remember talking to many organisations in New Zealand about the effects of the GST and how people coped with it and how they coped with their returns.

One of the highlights of that trip was an audience with Roger Douglas, who at that time was the Labour New Zealand Treasurer and the architect of the GST in New Zealand. I distinctly remember him saying two things to that delegation: one was that at some stage or another Australia would have a GST. Roger Douglas did not believe that Dr Hewson could bring it in, based on the fact that its introduction was so difficult. The New Zealand Labour Government was able to get a GST through only because of the bipartisan support of all the other parties and the unions. During its introductory stage, the New Zealand Government approached the issue of the GST very cleverly, knowing full well that the

public was not supportive of it. The Australian Government also knew that the public was not supportive of the GST. However, they recognised the benefits that it would have for the economy.

The second thing I distinctly remember Roger Douglas saying was that whatever we did, we should not allow exemptions from the GST. He said that we should compensate generously those people who would be adversely affected by the GST, but we should not allow exemptions because that would take away the simplicity of the tax and limit its real benefits to the economy. An argument develops as to what should be exempted and what should not be exempted and then there is confusion, and businesses experience problems in returning their business activity statements—all of the sorts of things that we are seeing happening now in Australia. Roger Douglas said further that the Canadian Government allowed exemptions and lost Government at the next election. Hopefully, the Federal Government is not going to lose Government at the next election, because I believe that business generally has accepted the benefits of the GST.

However, everybody acknowledges that at this point there is a hump with the GST, as there was a hump when it was introduced. But having said that, there was no doubt from what was said by Roger Douglas, a Labour Treasurer, that we should not make exemptions to the GST. The exemptions were made on behalf of the Democrats and the Labor Party, who would not accept a tax package that was supported by the Australian people at the last election.

At the end of the day, the Labor Party does not have any credible tax policy of its own. All it is proposing to do is to roll back the GST. Of course, if Labor were to be elected to Federal Government and did that, that would cause more confusion and problems within the electorate. So all that Labor and the Deputy Premier have been able to do is knock, knock, knock, knock. As I said earlier, that in itself has been a contributing factor to the erosion of business confidence in Queensland, which is reflected in these figures that are produced in the QCCI Pulse survey.

The reality is that in comparative terms in the market place we should be well ahead of the other States, because we have had a very strong economy for many, many years from successive Governments; we have had an economy with no debt, and our basic economy has been so far ahead of those of the other Australian States that it is not funny. Queensland has many natural resources. The member for Callide just spoke about the coal industry, the mining industry and the primary industries. You name it, Queensland is able to do it. We are able to do it if we are positive about it. We need confidence to do it, and confidence is the key ingredient.

We can add value to all of our products, and it is acknowledged by everyone in this House that we have to do that. We have to use innovation. Our people have the capacity to do that. Our people are our greatest asset. When somebody asks, "What is your greatest asset?", the response can be put in three words: "People, people, people." We get up here and say we have them, so why aren't we doing better? We have a clean and green environment. We have tourist attractions that people want to see. Our standard of living is one of the major factors that led to Boeing establishing its headquarters in Queensland—and that was under our administration. When we were in Government, my department was able to demonstrate to Boeing executives and employees that we had these health and education facilities and living conditions that were far ahead of those in places that were competing with us for Boeing's headquarters.

Our proximity to Asia is an advantage over the other States. Asia has a recovering economy. I do not care what the Treasurer said today about Asia's weak economy. Asia's economy has been recovering for the last two or three years, and we should have been able to benefit from that. We have more overseas offices than any other State, and many of those were established during our time in Government, which lasted for only two short years. We established offices in Shanghai, Los Angeles, Jakarta and Semarang. We established sister-State relationships. The Texas sister-State relationship that was talked about by the Honourable Premier was established during our term, and I pay tribute to the member for Clayfield, Santo Santoro, because his connections there were a key factor in establishing the sister-State relationship with Texas. So, we have all of those advantages. On top of that, we have the Premier's promotion, his salesmanship. The Premier likes to think of himself as being a supersalesman, but at the end of the day it is not happening, as the figures I gave to the Parliament before indicate.

Morale in the Public Service is low. The Government should not deny that; it is very low. One of the reasons it is low is job security. We have just seen redundancies in DPI, Natural Resources and Environment. The feedback I am getting from Education and Health, in particular, is that morale is extremely low. As I have said, business confidence is extremely low.

As the honourable member for Moggill, the shadow Treasurer pointed out in the last Budget debate, while the Government skates about its big Capital Works Program, only a small proportion of that program is actually new money. Business knows that. The Gold Coast road is finished now and there are no major projects on the books for businesses to feel confident about having projects to go to

and providing jobs, with the resultant circulation of money stimulating the economy. There is no doubt in my mind that morale and confidence are low.

While the Deputy Premier and the Premier get up and announce new private investment from overseas, we see jobs being lost in Queensland. Austoft laid off 96 this morning. That is a big blow to the Bundaberg economy and the people of Bundaberg. So, while we had the Deputy Premier announcing a new investment into Queensland this morning, at the same time we had that headline in the Bundaberg News Mail.

I would like to finish on the fact that one of the other reasons confidence is low is that this Government has taken the liberty to encroach on people's property rights. No compensation is to be paid if people lose water rights. With the vegetation management provisions, while there are arguments between the State and the Commonwealth as to whether compensation should be paid, the reality is that compensation is not being paid. I have land-holders in my area who are experiencing economic hardship because they are not receiving compensation.

Time expired.

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