



Speech by

Mr R. QUINN

MEMBER FOR ROBINA

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BUDGET SPEECH 2002

Mr QUINN (Robina—Lib) (11.00 p.m.): At the outset, let me say that the emphasis on families and children in this budget is most welcome. Anyone who knows people who foster children would understand the tremendous financial strain they have been under during the past couple of years. The additional money and resources that are being directed into that sector are most welcome and will certainly stand the community in good stead in the longer term.

For far too long this crucial area of government policy has been underfunded. The emphasis on prevention and early intervention rather than trying to repair damaged children is the correct policy approach. I congratulate the government on that aspect of the budget. However, it is important to remember that nothing in a child's life can ever adequately replace a strong and stable family environment, and we should all do everything we can within our limited resources to support families as much as possible. Disappointingly, though, for most of the departments, particularly those of Health, Education and Police, funding has increased in rough proportion to inflation and population growth. So for many of those departments it is a line ball game. We need less rhetoric from the Premier and more investment from the budget in these key areas.

There are a number of key parameters when formulating a budget, which is in essence a statement of the government's intentions for the next 12 months. The international and national economies are key influences. They permit Treasury to make some assumptions about how the Queensland economy will perform given Treasury's knowledge of what forces drive it. On these assumptions we can predict revenue outcomes for taxes, fees and fines and plan the shape of the revenue stream. But on the other side of the ledger outlays are very much dependent on previous budgets. Whilst the budget has suffered a shock with a zero return from the Queensland Investment Corporation, it is on the outlays side of the budget that this government has its toughest problem. And the problem has its beginnings in the previous budgets that this government has handed down since 1998.

The Office of the Public Service annual reports show that in June 1998, 153,502 public servants were employed. By June 2001, 177,482 public servants were employed. This is an increase of 24,000, or 16 per cent, in just three years. The devastating impact of this uncontrolled growth in the Public Service on the overall finances of the state can be seen in the annual consolidated statements. Between the financial years 1997-78 and 2000-01 recurrent revenue increased by \$1.98 billion. During the same period, employee expenses increased by \$2.05 billion. In other words, expenditure for these additional public servants increased faster than the revenue gathered to pay their salaries. And since the 2000-01 budget there is no evidence that the government has instituted any financial or political discipline to rein in the increase in the Public Service. Even more striking is that less than half of the 24,000 additional public servants are employed in the departments of Health, Education and Police. So more than half of them are not delivering essential services.

I suspect that the government is well aware that expenditure on employees is rapidly outpacing the revenue stream. Already the Minister for Education is offering extremely generous early retirement packages to highly paid teachers in order to employ more junior teachers and therefore lower the department's salaries bill. The Premier has also indicated that he would consider extending a similar program to other departments on a voluntary basis. Having presided over a series of bloated increases

in Public Service numbers, the Premier is now trying to shut the stable door after the horse has well and truly bolted. One of the worst aspects of this is that there is less money available for other vital expenses such as capital expenditure. That is why the Beattie government has continued to cut its capital works budget for the past few years, with this year's being underspent by some \$346 million and next year's being cut by \$279 million, or 5.4 per cent.

It is obvious that the government's lack of financial discipline is being demonstrated in the budget papers. Even with an underspending of this magnitude, the government still reported a deficit of \$486 million after having promised a \$24 million surplus. With a record like that, I am a little sceptical about the Treasurer's promise to record a surplus of \$23 million next year. And since expenditure on capital works is a major driver of employment in the state, these cuts are showing up in the state's poor unemployment records.

Unemployment in Queensland now sits at 7.5 per cent and is forecast to remain at that rate for the next 12 months. It is a sad fact that this budget will have no positive effect on the unemployment rate in Queensland. This is a clear admission of failure. Where is the jobs, jobs, jobs mantra that we have heard for the past four years? It is not mentioned in this budget whatsoever. Yet at the end of this budget period the five years that the Premier set himself to reach the target of five per cent will have expired. The rate now is 7.5 per cent—nowhere near the five per cent that the Premier promised. For the best part of two years we have lagged near the tail end of the field. Whilst the government boasts that the 7.5 per cent unemployment rate is the best in 10 years, the reality is that Queensland is not racing itself; it is in a race against the other states. At the end of this budget period the national rate will be about six per cent; Victoria is forecasting six per cent, and New South Wales has a number with a five in front of it. That should be an embarrassment to the Premier and this government if nothing else is.

All of these economies are operating under the same international and domestic economic pressures as Queensland has. Even more telling is the fact that between June 1998 and June 2001, 25 per cent of all the jobs created in Queensland were in the Public Service. It is now quite obvious what the real intention of the Breaking the Unemployment Cycle was. So the catchcry of 'jobs, jobs, jobs' has turned out to be no more than 'hot air, hot air and more hot air' for the average Queenslander and a codename for massive increases in the Public Service. The effect of this is simple. The ballooning bureaucracy caused the Treasurer to cut the capital works budget in order to meet his employee costs. This has, in turn, reduced the stimulus for private sector growth—the private sector, of course, being the part of the economy that generates the most long-term permanent jobs and generates wealth for Queensland. But at the end of the day this government's response and its favourite catchcry is to ask the federal government for more money.

Let us look at the record. Last budget, federal payments to Queensland totalled \$9.09 billion. This year that figure has increased by \$684 million to \$9.782 billion. By way of comparison, this year's total revenue available to the state was \$20.181 billion—up \$920 million from last year. In other words, \$684 million of the additional revenues in this budget come from the federal government. Two-thirds of that extra \$920 million is being provided by the Howard government. So who is not pulling their weight in this budget? What is missing, of course, is not money from the federal government but the financial discipline from the Beattie government to appropriately manage the state's revenue and expenditure. That is what is missing. It is not money from the Commonwealth government; it is some political will from the Beattie Labor government. But in addition to this federal money the government has also increased its receipts from payroll tax, land tax, stamp duties and gambling taxes. The biggest change affects land tax, which will increase by \$50 million as a result of a government policy change and will be borne by the business community.

In summary, the focus of government spending has shifted to children, and that is welcome. However, the Public Service increases are a major cause for concern, because without a disciplined approach to this issue the temptation remains to continue to have deficits. We have had too many of them in this state to date. All in all, this is a fairly typical Labor budget—one of which the Cain/Kirner governments would be proud—but it offers no incentive for business to invest in the state and little hope, if any, for the jobless.