



Speech by
Jeff Seeney

MEMBER FOR CALLIDE

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**CLEAN COAL TECHNOLOGY SPECIAL AGREEMENT BILL;
APPROPRIATION BILLS**

Mr SEENEY (Callide—NPA) (Leader of the Opposition) (11.46 am): The true measure of a good government is its ability to provide for our future generations. Unfortunately, for the future generations of Queensland the legacy of the Beattie government will not be a good one. The legacy of the Beattie government will be a massive failure induced debt, a crippling interest bill, inadequate infrastructure and poor-quality services. In this budget bill before the House, it is obvious that the Beattie government lacks the vision and the economic prowess to properly manage Queensland's future.

Queensland is enjoying unprecedented economic prosperity on the back of the global resources boom. Despite record levels of income from mining royalties, GST revenue and property taxes, this government has failed to secure Queensland's future—it has failed to secure Queensland's future up until now and it has failed to secure Queensland's future in this budget. The whole of Australia is enjoying the longest period of economic expansion in history. The economic boom is led by the resource states, of which Queensland is foremost. But the Queensland government has squandered the opportunities afforded by such prosperity. The Beattie government has been handed a once-in-a-generation opportunity to secure the future for Queensland while we are enjoying such good economic times. Over the past nine years the government should have been strategically and comprehensively planning for the future, it should have invested in visionary projects and it should have modernised service delivery. But it has failed to do so and now our children will be forced to pay for the debt that this government is inflicting on them as it frantically tries to catch up after nine years of that chronic failure.

We have heard a lot from the government about record levels of spending for infrastructure in this budget. But when a government spends nothing on infrastructure for nine years, any increase is a record. When a government has been underspending on infrastructure for nine years and then suddenly starts trying to catch up by spending in a panic, there is no credit to be gained by claiming that it is a record level of spending.

Nothing better illustrates the worth of this budget than to make the comparison with what is happening at the federal level. There is no greater contrast in financial management styles than the contrast between the socialist Beattie Labor government and the conservative federal coalition government. When the coalition took over federal government 11 years ago, it inherited a \$96 billion debt—the legacy of successive socialist Labor governments. Through responsible economic management, it eliminated that debt. By the end of the 2005-06 financial year, it was zero. The federal government is now delivering strong surpluses. That surplus is predicted to be almost \$12 billion this financial year. The federal government is investing that money for the future and all of us as Australians will benefit, and we will benefit for generations to come.

Therein lies the paradox. While the Commonwealth government has repaid Labor's high levels of debt and is investing its budget surplus for the future, the Beattie government has been squandering the spoils of economic prosperity and it is now borrowing at dangerous and unprecedented levels. The

contrast could not be more stark. This reinforces what we all know and what I have said for a long time: we cannot trust a socialist Labor government to manage the money and balance the books. It just cannot do it.

Queenslanders need to be warned by what they see in this state budget. It is an indication of what they will get if they elect a Labor government at the federal level. We will see the return of record levels of Commonwealth debt, placing enormous upward pressure on interest rates. We all remember the dark days of the Keating era. We remember the interest rates when they were through the roof. We had record high levels of unemployment, we had the recession we had to have and we had the unions running the workplace to the detriment of productivity and employment.

Queensland today is being managed in the same irresponsible socialist style. We on the conservative side of politics believe in responsible economic management. We have a track record of success in economic management and we can rightfully be proud of that track record. Our track record is a track record of reducing debt levels, it is a track record of investing for the future and it is a track record of creating a climate for growth. Unlike the socialist Beattie government, we do not believe in squandering Queensland's future, we do not believe in burdening our children and our children's children with debt and we do not believe in crippling interest payments.

The people of Queensland have every right to ask today: where has our share of the good times gone? Where has the share of the good times that rightfully belongs to the people of Queensland gone? Why, at the top of an economic boom, do we in Queensland have to borrow at such high levels when other governments are able to save money for the future? The answer lies clearly in the Beattie government's track record. It is a track record of failure and crisis creation.

The Beattie crisis list is a long one and we know it too well. There is the water crisis, the health crisis, the ambulance crisis, the electricity crisis and the child protection crisis. Then there are the emerging crises—the housing affordability crisis and the traffic and public transport crisis. No other government in history has failed so miserably in so many areas of core responsibility. That chronic and systemic failure will cost Queenslanders for generations to come.

Queenslanders are well aware who is responsible. They know who is responsible when they cannot see a doctor and cannot get into the hospital. They know who is responsible when the ambulance takes too long to get to them. They know who is responsible when their kids are not meeting the national benchmarks at school. Queenslanders are well aware that they will be forced to pay more for their water because the Beattie government did not invest in any water infrastructure for the past nine years. Queenslanders are well aware that while their cars sit idling in traffic the Beattie government has not invested in roads for the past nine years. They are well aware that they cannot afford to buy a home because the Beattie government has failed to plan for growth, it has failed to release land and it has failed to adjust property taxes. Queenslanders are well aware that they get left behind at train stations and bus stops because the Beattie government has failed to invest in public transport. Queenslanders are well aware that they will be forced to pay more for electricity because the Beattie government did not have the foresight to invest when it should have.

Queensland is a resource based state in a country enjoying a worldwide resources boom. However, this budget makes it clear that at the top of that economic boom Queenslanders are paying more and getting less. Nine years of ineptitude and failure have necessitated a focus on crisis management, and it is reflected in this budget. This is a budget from a government that operates in a continual sense of panic, focusing only on the latest crisis. This budget is playing catch-up big time, and that is why this budget is borrowing record amounts in a climate of record revenue increases.

For nine years the Premier has got away with putting his hand on his heart, looking at the camera and promising to fix his failures. But now the financial cost of those failures is apparent for all to see. There is no better example for the people of south-east Queensland of the financial cost of management failure for this government than the way it has created and managed the water crisis. For years we stood in this parliament and urged the Beattie government to build dams, to build a recycled water pipeline, to build something to secure our future water supplies. We were laughed at and we were criticised. We were ridiculed and we were pilloried, but we were right. Now, in a mad panic, there are crews working 24 hours a day incurring huge unnecessary costs and paying a premium for everything because of the overheated construction environment resulting from this government's failure to act. Now it will cost many times more. No-one knows how many times more, but it will cost many times more for these projects than if they had been planned properly and built in a responsible, professional way. Queenslanders will have to pay. Queenslanders will have to pay today and they will have to pay for years to come.

Health is another massive planning and management failure that has horrendous financial costs. Despite the huge amounts of money consumed, Queensland Health is still marred by horror stories, with patients left waiting, botched treatments and senior medical staff leaving in droves, sick of the culture of bullying and harassment fostered and tolerated by the Beattie government. The government is throwing more money at health but fewer Queenslanders are being treated and patients are forced to wait longer.

There are 30 per cent more people waiting for urgent category 1 or 2 surgery than there were five years ago, yet the health budget has increased by more than 50 per cent over the same period. It is incomprehensible to ordinary Queenslanders, but it is about management.

The Ambulance Service is another prime example of the Beattie government's ineptitude. Labor's tax on electricity bills promised to provide the world's best service. That was the promise. It has collected the best part of half a billion dollars over four years, yet the Ambulance Service has never been worse. Response times are blowing out, and long-serving and dedicated staff are leaving in droves because the culture of bullying and harassment is rife—and those staff are being threatened with \$3,000 fines if they speak out. The response in this budget is to throw money at it again—\$50 million—in the hope that it will go away.

Climate change is shaping up as another Beattie government financial black hole. Focused solely on clean coal technology, this budget ignores workable low-input technology carbon sink and offset trading systems that could be up and running within months, rather than years. Offset programs would provide a real boost to regional Queensland with sustainable jobs, but this budget ignores them. It ignores the coalition's proposals—the voluntary carbon trading scheme, the free registration for hybrid cars and the mandating of ethanol in petrol. New South Wales has mandated ethanol, but it is too hard for the Beattie government here in Queensland.

Infrastructure delivery is one of the great failures of this government. The Beattie government just does not have the capacity to manage projects on time or on budget. I had a quick flick through the capital works statement this year and compared it to last year's, and there are nearly 100 projects that the government said would be finished this financial year that are late—100 projects that were announced with much fanfare this time last year and still have not been delivered. Add to this the enormous revisions in costs on a significant number of projects and we get a true picture of what this government is capable—or in this case incapable—of delivering.

I am genuinely concerned for the people of Queensland, and this budget heightens my concern. The danger signs we see in this budget are only the beginning of huge financial problems to come. We are already borrowing at dangerous and unprecedented levels on early cost estimates. Wait until the government starts building those big projects and then the true cost will be realised. Unfortunately, our kids will be the ones who will have to pay for those inflated costs.

I will now look at the budget in some detail and examine the numbers. Most of the announcements, predictably enough, were drip-fed to the media, some announced several times, some even rehashed from last year and announced again. But we expect that. If there is one strength that this government has it is in packaging, spinning and pitching media opportunities. For the last nine years it has worked tirelessly to create an illusion of action and progress. But that illusion has collapsed with this budget.

If I could sum up the budget I would say that it was an empty budget from a tired government in a panic to paper over its failures with borrowed money. It is a budget from a government unable to manage, unable to plan and unable to invest for tomorrow. It is a budget that is all about buckets of borrowed cash to pay for management failures and nine years of doing nothing. There is no thought, no direction, no leadership and no way of addressing the fundamental problems that have created the financial problems that are obvious.

The budget is one of record revenues. The state government is receiving record revenue from its own taxes and record revenue from the GST. The state taxation revenue has increased by more than 80 per cent under the stewardship of the Beattie government and GST revenue has increased by 60 per cent since it was introduced in 2001. State taxation revenue—that is, the government's own source revenue—is up 13.2 per cent in one year alone in this budget. From the previous year to the year dealt with in this budget, the government's own source revenue has risen 13.2 per cent. State taxation revenue in 2006-07 totalled \$8.375 billion, which exceeded the GST revenues of \$8.053 billion. When the state tax revenue starts to eclipse that river of gold which we have come to know as the GST revenue, then Queenslanders are simply being taxed too much. Our claim of being the lowest taxed state is but a distant memory.

So the government has received record revenues. Now we need to look at expenditure. Recurrent expenditure is the cost that the government incurs doing business. The budget shows that that cost is clearly out of control. Total employee and operating expenses alone grew by 12 per cent last year to almost \$20 billion, which would be fine if we were getting a proportionate increase in service delivery, but everyone knows we are not. This is not a one-off; it is a well established and easy-to-see trend. In fact, the same government expenditure grew by 13 per cent in 2005-06, 10 per cent the year before and 12 per cent in 2003-04. If we take away wage rises, this means that the government's recurrent expenditure has increased by 30 per cent over four years. It is spending 30 per cent more now, after subtracting the wage rises, than it was four years ago.

If that increase had been responsible expenditure Queenslanders should have received a 30 per cent increase in services from this government over the last four years. For that to be true, our roads

should be 30 per cent better, 30 per cent more patients should be getting treated in our hospitals, 30 per cent more ambulances should be on the road with 30 per cent more paramedics, there should be 30 per cent more police officers, with 30 per cent more equipment and buildings and so on across-the-board. But, of course, we have not seen this level of increase in services and infrastructure. In fact, as we have illustrated in this parliament over and over and over again, service delivery has gone backwards. That 30 per cent increase in recurrent expenditure has been wasted. It has been wasted on poor management and it has been wasted on crisis management. Rather than having a surplus to invest in hard assets this government has had to borrow and borrow big time. Despite all of the government's income streams being awash with cash, that cash has been wasted and now debt per capita is ballooning.

Government owned corporations in particular have been forced to borrow heavily. In 2006-07 this sector borrowed \$19.6 billion of the government's overall borrowings of \$22.53 billion. Almost all of the debt was in the GOC sector. The state government's borrowings are forecast to grow to \$51.73 billion in 2010-11. In three years time this budget tells us that our total debt will be almost \$52 billion, with the government owned businesses, the GOC sector, forecast to hold \$32.38 billion of that debt.

It is a tried and true strategy to try to hide government debt in the GOC sector but the interest cost still has to be met. To meet the interest cost in the government owned corporations sector, Queenslanders will have to pay more for electricity, water, transport and the other services that the GOCs provide. There is nowhere else to get the money from. The general government sector, which is the sector other than the GOCs—the government's day-to-day operations, if you like—is forecast to have a borrowing of \$19.4 billion by 2010-11. The interest expenses associated with this debt will be \$1.1 billion annually. They are the budget figures, not mine. It means that this government will have to find \$1.1 billion every year to meet interest payments. The amount of \$1.1 billion out of the current account every year will have to be found by this government and by every government that follows it. That interest bill will need to be found from either current revenue streams or by increasing taxes and charges.

The opportunity cost associated with meeting that interest payment will mean that the government will have to forgo one major 700-bed hospital every year or 30 new fully equipped public schools every year. That \$1.1 billion would have employed more than 3,000 extra police officers every year; it would have built a whole heap of roads and busways every year; and, probably most pertinent of all, it would have built three 200-megalitre desalination plants every year. That is the cost of that \$1.1 billion in interest.

At a time of bright economic sunshine such unprecedented levels of borrowing highlight a fundamental failure to manage the economy. What is most troubling to me is that if one looks at the budget papers there is no provision for the repayment of the debt—none at all—just the payment of the interest, which means that the government is simply passing the debt on to future generations. It is a strategy of 'borrow now and let someone else pay it back'. That is a terrible strategy. It is a strategy that should frighten all Queenslanders and make them concerned for the generations of Queenslanders who will follow.

The lack of economic management skills in the Beattie government further increases the likelihood of a new range of state taxes and charges that must follow to pay those interest costs. The first of these, announced by the Treasurer on Tuesday, is the increased tax grab on the sale of motor vehicles. Last year, vehicle registration duties provided \$285 million to the government. The increases in duties are expected to produce an additional \$200 million in revenue. Overall, this represents a 70 per cent increase in the government's coffers. But those large figures hide the true impact. That increase in tax will have an impact on every Queenslanders every time they go to buy a car—a new car, a second-hand car, a car for their kids or a car for their wife. Every time they go to buy a car they will be slugged to pay for the Beattie government's failures.

The government will not use this additional taxation for mental health facilities. Nobody believes that. It needs it to fund its blow-outs in recurrent expenditure. So what is the alternative? The alternative is better management. The alternative is better management of the increased revenue streams and better management of the out-of-control recurrent expenditure. That is the key. Management is the key. That is what the federal government has done so well and the Beattie government has done so badly. The alternative is managing to avoid the crisis rather than constantly being consumed by high-cost crisis management. The alternative is to start looking beyond the next crisis and the next ministerial failure. The alternative is to get the recurrent expenditure under control, instead of letting it blow out year after year, and the alternative is to curb the continuing blow-out in the costs that escalate year after year. The alternative is to prudently and responsibly manage the revenue streams that are currently at such high levels. The alternative is to prudently manage the rivers of gold while they continue to flow by dint of good fortune. The alternative is to manage the GST revenue, manage the resources boom revenue and manage the huge state based tax revenue during this time of economic good times.

The alternative is to prudently and responsibly manage these revenues so that we have some money to invest in infrastructure and we do not have to borrow at these frightening levels. The alternative

is to start planning properly and deliver infrastructure on time and not in a mad rush or in a high-cost rush when the crisis hits. The alternative is to provide service delivery by focusing on front-line staff, reforming the culture of bullying and harassment that prevails under the Beattie government and increasing the efficiency and productivity in the public sector workforce. That is the alternative and it is not rocket science; it is good management. It is the sort of good management that has delivered such wonderful dividends to every Australian when it has been applied to government at a federal level.

The Queensland coalition wants to see real action in key policy areas like traffic management and public transport, climate change and housing affordability, and we have taken the lead on those issues. The Queensland coalition has already introduced a number of initiatives to focus the government's attention on these critical policy areas. We changed our shadow cabinet make-up to focus on traffic management and public transport. We created a housing affordability shadow ministry before the government acknowledged it was an issue. I was pleased to see that in this budget the government has included some small housing affordability measures, but they are small. The budget contains a commitment to allocate some money from the sale of assets to what is called social housing. This is a bandaid measure that does not address the underlying causes of the housing affordability crisis but it plays to the Labor socialist ideology of public housing, in this case funded by the sale of our electricity assets. We believe in attacking the cause of housing affordability. We believe in addressing the issue so that Queenslanders can own their own home, so that they can afford their own home.

The coalition's actions have forced the government to pay attention to these issues, which is why today I am announcing that we are extending the portfolio of the shadow minister for environment to include the issue of sustainability. The shadow minister for the environment and sustainability will work across all industry sectors as well as local governments to develop policies and to encourage long-term environmental sustainability. We have already released a number of climate change and sustainability initiatives—and the government has picked up some of them and they have been used in its recently announced strategy.

We have also introduced draft legislation for carbon trading and free registration for hybrid cars and we call on the government to support those ideas. We are leading the debate in climate change and we are also leading the way with our focus on traffic, transport and housing affordability. Over the coming months we will be releasing a series of initiatives in these areas and I am happy for the government to pick them up, too. We do not mind that the government copies our ideas; it has been doing it for years. I just hope it does not take five years to implement these ideas as was the case with our water policy.

I conclude by saying that future generations will judge this Beattie government budget harshly because future generations will be forced to live with the outcome of this inept government's failures and its expensive, panicky attempts to rectify them. Despite the economic boom and despite its increased revenues, this budget is underpinned by dangerous and unprecedented levels of borrowings—levels of borrowings that have had to be made to pay for the management failures of the Beattie government. However, this budget has given no thought to redressing the fundamental problems that the government itself has created. It is a budget that erodes the great legacy of previous coalition governments because it is a budget that erodes Queensland's great economic strength. In this budget the Beattie government has had to load future generations of Queenslanders with debt. It has had to load future Queenslanders with debt to replace the money that it has squandered on its failures. That failure induced debt will be the legacy of this Beattie Labor government. It will be the legacy of the Treasurer, Anna Bligh. It will be a coalition government that will have to repay that debt in the future.