



Speech by

Hon. Andrew Fraser

MEMBER FOR MOUNT COOT-THA

Hansard Tuesday, 12 February 2008

MOTION: ECONOMIC AND SOCIAL GROWTH

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer) (12.02 pm): I second the motion moved by the Premier. As we move into 2008 we are in the midst of unprecedented economic expansion across Australia. Here in the state of Queensland we enter the 12th year in which our state economy has outgrown its national counterpart.

In order to continue this expansion and to continue this prosperity against the increasingly negative indicators across the globe, the Queensland government needs to ensure that our budget strategy and our fiscal strategy is aimed very much at the long term. Our challenge in these circumstances is to stay the course. This government needs to, and it will, ensure that we meet the challenges so starkly reported on by the Reserve Bank in its statement on monetary policy yesterday and so vividly evidenced in the action that it had to take last week when it was forced to raise interest rates once again for Australian families and mortgage holders as it attempts to slay the dragon of inflation.

The challenge for the Queensland and national economies is very similar. We need to invest in infrastructure and human capital to provide for increased productive capacity in the economy. The Reserve Bank made this point succinctly in its statement yesterday. It said—

Domestic demand and activity have remained strong and capacity usage is high after a long period of economic expansion. These conditions have been associated with a rise in inflation.

The Reserve Bank stated further—

The latest national accounts showed growth of more than 4 per cent over the year to the September quarter, with domestic demand expanding by 5½ per cent, well in excess of the trend growth in the economy's productive capacity.

The Reserve Bank continued—

The high levels of business investment now underway will undoubtedly assist in alleviating bottlenecks over time and hence adding to the growth of the economy's productive potential.

That means that the course of action that the Queensland government embarked upon in undertaking the most ambitious capital works program and infrastructure build in the history of Queensland is absolutely the right course of action to take. Our single biggest challenge in 2008 will be to stay the course and continue to provide for that infrastructure and execute that program as we face more uncertain times on the global stage. It is an effort that the Queensland government will not achieve alone. The private sector is also contributing to record expenditure and future infrastructure and productive capacity.

The Access Economics investment report which was released earlier this week identified \$112 billion worth of committed projects across Queensland. We are second only to Western Australia in terms of the value of the committed projects and the capital expansion out there at the moment. In those circumstances it is worth noting also that, although we are second to Western Australia in terms of projects and capital expansion, 70 per cent of Western Australia's future committed investment is, in fact, related to mining. In Queensland that figure is 30 per cent. That evidences that we have a diversified and strong economy that is prepared to grow and one in which people are prepared to make investment decisions across the breadth of the economy.

We should make no mistake about the challenge ahead. Inflation is the single biggest problem facing the Queensland economy, the national economy, the Queensland government, and families sitting around their kitchen table who are coping with the interest rate rise that occurred because of pent-up demand and inflationary pressure that the former federal government chose to do nought about. It is clear to us all that the challenge in 2008 has become that bit harder. The market is that bit tougher and framing the budget is that bit more uncertain. But Queenslanders can be assured that this government has the economic and fiscal track record and the economic and fiscal wherewithal to be able to meet these challenges and continue to invest in the future of the Queensland economy and our growing state.

This government is focused absolutely on not taking the tunnel vision, short-term view, but instead looking at the long term and over the horizon. This government is not focused on an election. It is not focused on the next election; it is focused very much on the next 10 years. As the Premier outlined today, this government is focused on a long-term view. In that regard our single biggest challenge as a government, as a community and as a generation, in fact, is climate change. It is not just an environmental challenge; it is the single biggest economic challenge for us all. It will be front and centre of the policy work that this government undertakes over the coming year.

Queensland Treasury analysts are contributing to the Ross Garnaut led report. We look forward to working closely with them as we seek to get the policy settings and those parameters right. We also have the opportunity to finally work with a federal government which is interested in investing in infrastructure, which is interested in making sure that it plays its part in lifting the capacity of the Australian economy, and which recognises that its best approach is to do the hard yards with governments that are committed to building infrastructure and not take pot shots from the sidelines.

As we work with the federal government, we are also there to work with some of the ills of our federalism, which has been front and centre of debates about the long-term tasks that need to be addressed in the coming year. There are many warning signs out there on the global stage but in Queensland, where we have strong underlying fundamentals, we have great cause for optimism.