



Speech by

Dr Alex Douglas

MEMBER FOR GAVEN

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APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL; REVENUE LEGISLATION AMENDMENT BILL

Dr DOUGLAS (Gaven—LNP) (9.47 pm): Everything old is new again. Labor has made a dreadful mess of our state and its finances. This has been at a time of historic levels of growth, national prosperity and record royalty and revenues. We have rivers of gold, coal and money. If this is both Labor's plan and report card, Queensland has just hit the wall. We have had billions wasted on nothingness. Labor lost more than \$31 billion in just over 10 years, and arguably the debt is greater allowing for the higher borrowings of the GOC due to excessive efficiency dividend payments. The \$51 billion gross debt figure announced last week, as I said, does not include that debt, but it is up 14 per cent on the \$44 billion gross state debt in last year's budget.

The Treasurer is stating nonsense this week that 'the debt has not gone down'. No, Treasurer, it has risen by \$9 billion. Debt estimated projections from last year's budget mean nothing. Labor was running a rubbish line that we in Queensland were in recession when he clearly knew that was untrue. Labor currently shouts and screams about the relevance of the GFC on its budget bottom line. All this hot air is extinguished by fact. The Queensland state revenue increased by two per cent, but there was also a six per cent rise in expenditure that rendered Labor's budget result catastrophic. Debt is a self-induced problem when Labor is in government; in Queensland, it is now a chronic obsession. The evidence is there for all to see in the balance sheet.

The Access Economics report of 2010 stated that there was no recession. Yet, as economic Neanderthals, the Bligh Labor government continues to run massive state budget deficits in parallel with the federal Labor one-term failures. If the Treasurer has not noticed, every other state is producing surpluses while the federal government runs such large deficits. States producing surpluses when the federal government produces deficits is the normal process when there are economic adverse issues. I do not believe the Treasurer and Premier have been advised by Treasury of the danger in taking the course they have. To go further and potentially run up the forecast quantum deficit of \$6.1 billion over the next four years is to prove that they are economic illiterates.

Like last year's budget, the 2010-11 budget proves that state Labor cannot grow its revenue faster than expenditure and, worse still, the shortfall will be roughly rising at 30 per cent compound uplift, with the deficit of 2013-14 projected at \$2.5 billion, when net debt hits \$83.5 billion. Expenditure is rising at three times the current rate of income growth. At the last election Queenslanders were not told that electing a Labor government would include a plan for a great asset strip sale. Additionally, Queensland Labor admitted nothing about a job delivered being defined as being employed for just one hour a week. What they were told was that Premier Bligh was promising 100,000 new jobs and a Green Army. Queensland Labor told us heaps about solar schemes while doubling electricity charges. After selling off the electricity retailers the Premier stated—

It does not matter where you live, nobody—not one Queenslander—will be worse off under the government's proposal.

Labor could not even get its solar scheme working. We are currently on the third go at it. It even embarrasses natural resources Minister Robertson to talk about it. But—hey, presto!—in this budget we even have solar kindies. Who is writing these scripts?

Competition would resolve everything, so Labor said, yet look at what happened: water charges up, electricity charges up, government charges up and massive increases in the cost of living. The public is angry at Labor, and so it should be. Labor has failed every imaginable test of business administration skill. Where there was no competition, such as WorkCover, the system collapsed and it needed a massive cash injection from the state in response. Labor significantly put up the fees to employers.

Extraordinarily, in the House two days ago, in an amazing statement, the member for Toowoomba North had the gall to explain away the role of ambulance-chasing solicitors in this sham. He claimed that they were the saviours of the workers. Labor lawyers, in a feeding frenzy, largely caused the recent near collapse of WorkCover. To try to rewrite history to excuse their own disgraceful behaviour by claiming they were defending the workers' common law rights is offensive. This is why the public is fed up with Labor: its members are hypocrites. This pattern is occurring within every department of government. It puts the interest of bureaucracy ahead of the public interest, and there are far too many on the gravy train.

As has been mentioned already tonight, in Gaven the widening of the M1 from Nerang to Worongary announced in the budget was announced by the main roads minister at least three times previously: firstly on 18 September 2009, then on 4 March 2010 and then on 24 May 2010. Labor has started the widening from Nerang to Worongary, but it will take over two years to increase two lanes to six lanes for a two-kilometre stretch of road by 2012-13, and only if Labor avoids the disgraceful project mismanagement that it showed with the 10-year-long Tugun bypass project. In the end we will have merely three lanes either side for a stretch that equates to less than four per cent of the total motorway.

In addition, why would the Treasurer state there is federal funding for the M1 widening project when there is no federal funding? Five years ago the Howard government originally committed \$455 million for the section below Worongary, but it was spent by the Labor government at Daisy Hill. Traffic counts from 2008 show that this section of the M1 is already squeezing in 97,000 vehicles each peak hour, each day—that is, 859 vehicles squeezing into a two-lane merge. By 2012, with the Gold Coast's continuing population growth and Labor's continuing trend to make everything old new again, we will find ourselves with the obsolete three lanes squeezing proportionally just as many cars as now and we will need four lanes at that stage. We need to be planning four lanes from Nerang to Tugun as a matter of urgency for Australia's sixth largest city to have a credible road link for commuters from the Gold Coast to Brisbane and for the tourists that come from the south, the west and the north. In a low year, nine million tourists a year come to the Gold Coast, which is currently earning the state \$5 billion in income.

I find it amusing to see the Nerang Fire Station listed as the first search result on the Premier's Building Queensland website budget 2010-11 project list for Nerang, when the emergency services minister had already announced the fire station was open last Friday, 4 June, four days before the budget. Is the Nerang Fire Station project underway, as the Premier announced on her website, or is the Nerang Fire Station, as her minister announced, open and operational? Did the minister tell the Premier that he had announced the Nerang Fire Station was open or was it, as Peter Cameron said in the *Gold Coast Bulletin*, that the minister was not making any fuss over the project as it had taken five years of local residents' lobbying and over three years since Labor's initial election promise to build the station that year?

When comparing the Premier's Building Queensland project list for Gaven to the state budget's capital statement, irregularities pop up consistently. I do understand that sometimes the printing occurs ahead of the release of other details, but this is quite interesting. On the Building Queensland website, Nerang State High School is allocated \$555,589 for its new library, but the capital statement states that the allocation is \$440,000. The school thought it was receiving \$653,000 for the library. Similarly, Park Lake State School is hoping to get its full \$3.765 million because it needs the second half of its school built with that allocation and the builder is ready to start.

The AFL Carrara stadium is another recycling project in my electorate of Gaven. This is not a new project at all and all Gold Coasters know that. The Building Queensland website states that the stadium's budget allocation is \$126 million and the capital statement states that the allocation is \$100 million. It is not new infrastructure; it is building onto an existing facility. The Treasurer has announced that hundreds of bucks have been saved on the Carrara stadium project, but this means that Gold Coast families, men and women will have their ticket prices hiked up at the gate just so they can get into this so-called new facility. I think Labor ministers have been listening to Peter Allen's famous song—

Don't throw the past away
You might need it some rainy day
Dreams can come true again
When everything old is new again.

The best example is the government's recycled announcements, over and over again, of the rapid transit rail project. Every recycled announcement on the light rail track is a kick in the guts for Gaven

constituents, who completely miss out in this transport so-called solution. The residents of Gaven, Pacific Pines, Nerang and Maudsland will only be able to travel by irregular buses to Griffith University before getting on the light rail from Parklands to get to Surfers or Broadbeach.

Labor has given up. This budget is proposing a future capital spend decline, the lowest in modern state history, over the next three years. The projected capital spend this year is \$17.1 billion, which is just down on last year's \$18.5 billion. This \$17.1 billion is to be achieved with mirrors, since only 75 per cent of last year's capital allocation was spent. This is after allowing for a \$1 billion capital underspend and the \$3 billion Commonwealth grant, reducing real state capital expenditure to \$14.6 billion.

Yesterday the Queensland Treasurer had the impertinence to criticise New South Wales Treasurer Eric Roozendaal. In his criticism the Queensland Treasurer stated—

Sure, Eric can crow about his current position, but they haven't done anything in the last ten years.

I say this to the Treasurer: Queensland Labor did nothing for 10 years, and when it suddenly realised it had been asleep and spending like a drunken sailor it woke up and burned what little money it had left. If the Treasurer had not noticed, Queensland Labor in government has racked up \$51 billion of gross debt whilst New South Wales gross debt is declining from \$22 billion, with debt reduction via surpluses of \$3.15 billion over the next four years. New South Wales debt has been static since the aftermath of the Olympics and its surplus this year is \$100 million, with an operating budget only one-third larger than Queensland.

As people would know, New South Wales is offering stamp duty reductions on the sale of homes up to \$650,000. By 2014 its net debt will be \$55 billion, which is 10 per cent of gross state product, as opposed to ours of \$83.5 billion. I will compare that with the Victorian debt situation and its current budget. Victoria announced a surplus of \$872 million and it is actually projecting a population decline over the next four years to 1.7 million people. Victoria has a surplus forecast on average of \$1.2 billion and it has revenue currently of \$45.8 billion, with expenditure of \$44.9 billion. It has \$13 billion of net debt and its proportion of GSP is six per cent.

Next year Queensland's projected capital spend will decline again; the capital spend will be only 77 per cent of allocation. That is how it is done. Everything old is new again. I must agree with the Treasurer's statement that the government is to introduce a new waste reform strategy to reduce waste and improve recycling levels, because the government is recycling projects and money, and for those projects the Treasurer is calling it new money. It is actually from last year or the year before or even the year before that. As I say, the real stand-out example is the rapid transit system. \$219 million has been allocated this year, but it is the same money from last year, minus that which was spent on 80 staff and resumptions, and there are plenty of those examples throughout the budget.

The 2010-11 budget tells everyone exactly what this state Labor government knew last year. Labor claimed there was a totally different set of numbers based on crazy internal gut feelings. The Treasurer asked us to trust him.

The state income revenue uplift has remained steady at two per cent. The government remains stuck on its own inability to stop the rampant growth of the numbers of staff and remuneration of the Public Service. Total staff numbers in 2010-11 will hit 198,405. This is 5,078 more than last year's budget allocation and \$395 million over budget. Labor's numbers will rise by 2.6 per cent next year and the wages bill by eight per cent to \$16.2 billion by 2013. This increase will be 23.8 per cent—the highest percentage increase in the nation—and an extra \$3.6 billion off the bottom line.

The Premier has announced the employment of 1,818 new front-line police, nurses and doctors, but this pales into insignificance when compared to the backroom staff, the bureaucracy. No wonder nothing can be done. The public sector now exists to service itself, and we are struggling to carry the cost of it.

Together with nearly \$15 billion lost in wasted water infrastructure spending and ad hoc expenditure without any tangible net revenue gain to the state's budget bottom line, Labor's own expenditure excess in a time of adversity leads to this year's deficit of the current proportion. The cost of the interest bill to finance the debt is compounding the bottom line headache. The Treasurer, on behalf of Queensland Labor, has responded by maintaining its current \$19 billion infrastructure spend but to reduce the state's burgeoning debt by rapid reduction in infrastructure spending over the next four years and a program of asset sales.

Well, Treasurer, it is crunch time. Every economist and industry group says that the plan is disastrous for this state. For those who are unaware, this is neo-Keynesian theory taken to an extreme end. The idea of the progressive withdrawing of state capital outflows in real dollar terms, in the next two to four years, before the proven inflow of private capital into the state, especially with the current impact of the crazy mining super tax of a failed federal Labor administration, is not just unwise, it is downright dangerous.

The Treasurer is proudly announcing that he has not taken the super mining tax into account and he has ignored the advice and lack of evidence to support Labor's selection of assets for auction. He has not

taken true Keynesian theory into account and significantly reduced public sector expense in parallel with the progressive withdrawal of state capital expenditure. He cannot cherry pick the parts of economic theory that he likes and avoid doing those that he does not like if he is to achieve a return to a balanced budget and debt reduction.

If anyone cared to notice, there are really two economies going on out there—one that the government wants to claim and the other it hopes will just go away. For many in business or privately employed, it is very tough out in the real world. Not only are margins slim or absent, growth is dismal and credit is very tight. Some are saying it is as though the true impact of the GFC has just hit when last year the Rudd cash giveaways artificially raised everyone's expectations of a quick recovery. An Access Economics report states—

Unless the state continues to invest heavily in infrastructure, particularly in South East Queensland, the South East Queensland economy will face the same capacity constraints and congestions that have been impacting increasingly in productivity of the region in recent years.

Treasurer, the Commonwealth Grants Commission says the same. So does every leading commentator. Far from Labor learning, trying or even wishing to deliver, they must deliver projects on time, on budget and in good working order. I think it is a big call for the Treasurer to state that we will complete the \$315 million Ted Smout Bridge to Redcliffe and the \$190 million Port Access Road in Townsville this year, as well as the very slow \$148 million Forgan Smith Bridge project in Mackay, in the same breath.

Rapid and prompt delivery of anything have not been features of Labor's term in government. Who can possibly believe the pattern will change? All excuses are being doled out with the exception of 'it is all the LNP's fault'. Without an upper house, Labor can only blame itself for all its dreadful mistakes, mismanagement and waste.

The Treasurer said, 'Tough choices' and 'We must prepare for the future, we must keep our shoulder to the wheel.' With fuel up, rego up and few options, I presume the Treasurer has taken to pushing the chauffeur and the Holden Statesman to Parliament House himself. The market is staring the Treasurer down. In anyone's reasonable assessment, Labor has restated only that which it stated last year with very few additions.

There is no real new money because Labor is not a wealth creator; it is a wealth destroyer. Generally Labor governments revert to type and become wealth redistributors, especially left leaning ones, as Bligh Labor is. But there is no wealth to redistribute now with a projected net debt position of \$83.5 billion in 2013. The Treasurer said in his second reading speech that projected growth will be three per cent. But what he has not said is that this is conditional on four major factors. They are the return to near normal levels of production and shipping of commodity based exports; new home starts to a 40 per cent level above that of now; a return to near normal of retail expenditure; and a return to pre-2008 taxation state revenues.

The disconnect between recent growth at 2.3 per cent and expenditure growth at six per cent consigns Queensland state budgets to deficits forever. This is structural debt, as the shadow Treasurer has stated. It is very wishful thinking for a government needing to protect state revenue and jobs, knowing federally Labor is not prepared to execute itself prior to the imminent federal election and jettison the mining super tax. Premier Bligh, the unions and Labor support the tax and that puts massive pressure on the budget. The double whammy of the new mining super tax then effectively torpedoes any hope the incumbent government has of delivering a new resource based income for the state at a time when we need to diversify and increase our income tax revenue streams. For Queensland this is largely the coal seam gas industry.

The key plank of this budget's internal core strategy is to achieve a market re-rating by using the asset sales to facilitate its debt reduction strategy to achieve the 110 per cent threshold of gross debt over revenue. Not only is the assets program wrong in principle; the wrong assets are for sale. The forestry assets sale price is clue No. 1. The QR sale and the ongoing negotiation over the inclusion or exclusion of below-rail assets together with above-rail assets for sale and a demand by buyers for the 100 per cent purchase of assets is clue No. 2.

Far from achieving growth of 3.75 per cent by 2011-12, this implies that Queensland's economy will stall between 2012 and 2014. This will be at a time when even New South Wales and Victoria may be experiencing mini recoveries. I believe this is the reason housing finance approvals in Queensland are at historic low levels and the market is re-rating us. Rising inflation due to continuing federal borrowing and deficits will compound this. Treasurer, there is no alternative but to grow the revenue base, maintain sensible and pragmatic public infrastructure asset spending, reduce the growth of public sector expenditure to the stated 2.5 per cent and stop the sale of our Queensland assets.

(Time expired)