




Speech by
Curtis Pitt

MEMBER FOR MULGRAVE

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COMMISSION OF AUDIT

 **Mr PITT** (Mulgrave—ALP) (11.20 am): The Commission of Audit handed down last week confirms that the budget position as outlined by Treasury prior to the election was correct. What the Commission of Audit also confirms is that the LNP still has not released any confirmation by Treasury of their election costings. The question for the Treasurer is: what does he have to hide? It might be that in chapter 11 the report details how the Treasurer misled Queenslanders two days before the election. He told us that the LNP's three per cent wages expense cap would not involve forced redundancies or cuts to front-line services. The report details that if the overall increase in employee expenses is to be held to three per cent, any wage settlements in excess of three per cent must be offset by commensurate downsizing of the workforce and savings generated from the three per cent cap on employee expenses will be used to offset the cost of the government's other election commitments. It then says that application of current growth funding for health, education and communities would be inconsistent with the government's policy of a three per cent cap on employee expenses.

The claims made by the LNP that the public service is too large are disputed by the report where it shows that Queensland has the same proportion of public servants per person as the other decentralised, fast-growing state of Western Australia. Further, it says that Labor's voluntary separation program will have primarily reduced the rest of the public service category, as it was focused primarily on back-office administration. It clearly says over two-thirds of jobs delivered by Labor were in Health and Education with the majority being front-line jobs. This means that the LNP in their jobs purge to fund election promises will cut front-line health, education and community staff relative to increases in population.

About a decade ago, former Liberal Party president Shane Stone suggested then Treasurer Peter Costello was mean and tricky. And the LNP have politically shaped this into a mean and tricky report. The Commission of Audit lists the developments since January that led to revised figures in the Treasury May 2012 forward estimates update. While the cover letter of the Commission of Audit says the previous government built in unrealistically optimistic budget assumptions, the report then proceeds to attack Treasury's May 2012 update, which occurred after the election, stating that the commission has a number of significant concerns with key assumptions and forecasts underlying the Treasury May 2012 forward estimates. It is worth noting that, as detailed in the report, transfer duty increased by 25 per cent per annum from 2000-01 to 2005-06. In this context it is politically random to attack Treasury's May 2012 forecast of a return to 14 per cent annual growth in transfer duty as the economy gathers pace. While the LNP talk down the economy in order to blame Labor for their financial incompetence, the ABS detailed that state final demand was 7.8 per cent over the year to March. This strongest year to March quarter result since 2006 was underpinned by the strongest household consumption growth since the December quarter 2007. The two famous GFC skeptics, the Treasurer and the member for Southern Downs, denied the existence of the global financial crisis and the need to act and now they seek to deny an economic recovery.

The Treasurer has been telling us of a \$10 billion fiscal deficit in 2012-13, another mean and tricky statement. As set out in the report, this figure is artificially inflated by over \$3 billion from natural disaster costs not offset by Commonwealth payments in that year. Moreover, the standard of a fiscal balance is

used by none of the Treasurer's conservative colleagues in Victoria, New South Wales or WA. The Commonwealth government uses this measure, but alongside net debt. You will not hear the Treasurer talk about Queensland's net debt being \$24.92 billion at the midyear review. You will only hear him talk about gross debt of \$100 billion based on some dreamed-up scenario six years into the future. And another Costello prediction is that economic circumstances in the next five years would be a carbon copy of the past five, complete with another GFC and catastrophic natural disasters. I doubt Treasury would forecast this and I know the Bureau of Meteorology long-term forecasts are not that long term.

The bottom line is that the Costello audit could find no Labor black hole. It clearly shows Labor and the LNP with a projected return to a budget surplus in 2014-15—essentially the same fiscal strategy. Unfortunately for all Queenslanders, Shane Stone was on the money all those years ago. Costello's involvement in this report means it has been tainted politically and it is full of mean and tricky assumptions that perfectly suit the purposes of a mean and tricky government.