



Speech by
Curtis Pitt

MEMBER FOR MULGRAVE

Hansard Tuesday, 19 June 2012

MOTION: BUDGET STRATEGIES



Mr PITT (Mulgrave—ALP) (5.30 pm): I move—

That this House acknowledges the budget strategies of Queensland state governments from 1998 to February 2012 that:

- invested in necessary infrastructure
- expanded essential services
- cushioned the impact of the global financial crisis
- supported the rural sector through historic drought, and
- rebuilt communities and jobs following an unprecedented and costly sequence of natural disasters

all without the need for forced redundancies or cutbacks to front-line jobs and services.

It is Labor that has delivered jobs for Queenslanders and built the modern diversified economy and infrastructure we all enjoy today. It is clear that the LNP does not see what I am about to list as priorities of government. We see them as achievements in building a modern Queensland. The Costello audit interim report highlighted Labor's spending on the following: introducing a prep year into schooling; significantly increasing child safety and funding for disability services; increasing hospital bed numbers; substantially increasing wages and conditions for doctors, nurses and clinical staff; and increasing public transport and infrastructure services. The list of Labor's achievements does not stop there. Major infrastructure investment has occurred in the following areas: the South East Queensland Infrastructure Plan; the upgrade of the electricity distribution network, following the recommendations of the Somerville Review; the upgrade of the water infrastructure network; and the 'more beds for Queensland' hospital rebuilding and expansion program. The report also mentions that spending on health has more than tripled in the 10 years to 2010-11 and that expenditure in housing and communities almost doubled between 2005-06 and 2010-11—more than double the growth rate of the previous five years. These are investments in social services and infrastructure that we make no apologies for.

When it comes to the growth of the Public Service, the Commission of Audit report found exactly what we had said was happening: that we were providing more front-line staff, including teachers, nurses, doctors and police. To quote the report, and as derided by the Premier this morning, on a full-time equivalent basis Public Service numbers have increased by 40 per cent since June 2000. Almost half of this increase was in Health, with the next largest contributor being Education. The Premier has told us that we need to have a more sustainable Public Service. However, the report details that, as a proportion of the population, the Queensland public sector is similar to that of the other fast-growing decentralised state of Western Australia—both 4.5 per cent. The report has also found that Labor was successfully managing the number of non-front-line positions. The voluntary separation program will have primarily reduced the rest of the Public Service category, as the program excluded front-line services and was focused on back-office administration and support functions. We in the Labor party can be proud of what we have helped deliver: 11,151 new teacher and teacher aides; 3,850 extra police—a 57 per cent increase higher than population growth; 14,300 additional nurses; and in the last four years, 5,000 extra doctors, nurses and allied health professionals. We increased infrastructure spending from \$1,241 per person in 1997-98 to \$3,172 per person over the last financial year, maintaining the largest infrastructure spend per person of any state in

the nation; supported the creation of 740,000 jobs across the Queensland economy with over two-thirds of these full-time jobs; and oversaw the largest fall in unemployment in the nation from a peak of 10 per cent, when the LNP were last in government, down to 5.5 per cent.

We acknowledge that when we left office the gross debt across the entire government was \$64 billion, which included GOC debt which is serviced by commercial revenues, not taxpayers. We made no secret of that. Equally, it has to be acknowledged that Labor provided over \$54 billion in infrastructure over the last four years, including once-in-a-generation projects such as the Gateway Bridge duplication; supported the establishment of a Queensland LNG industry supporting \$45 billion of investment and 18,000 jobs; locked Queensland in as the second largest private investment destination as assessed by Deloitte Access Economics, with the second largest pipeline of future investment; and locked in strong economic growth with state final demand at 7.8 per cent over the year to March. This is the strongest year to March quarter result since 2006 underpinned by the strongest household consumption growth since the December quarter 2007. We also provided an increase in concessions of 53 per cent since 2007-08 to support vulnerable members of society to meet the cost of living and increased the participation rate of children attending kindergarten from 29 per cent to 44 per cent. Most importantly, and singled out in the Commission of Audit interim report, we maintained a building program through the financial crisis that kept over 100,000 Queenslanders in jobs.

As quoted by the Commission of Audit in its interim report, ratings agency Standard & Poor's at the time said—

The state's capital program is substantial. Given the significant decline in operating revenue as a result of a weakening economic environment and the state's commitment to its large capital program, Queensland's balance sheet is unlikely to remain consistent with a 'AAA' rating.

We make no apologies for avoiding the same mistakes as the last LNP government, which cut infrastructure spending during an economic downturn and let unemployment hit 10 per cent across the state in 1997. These are the levels reached in the United States during the global financial crisis. In fact, this is why strictly adhering to a fiscal balance of including net infrastructure spending in the operating balance is impractical. It is a blunt measure that does not factor in broader economic circumstances. The Commission of Audit interim report again decided to selectively quote Standard & Poor's, this time from a report last year at page 30 where it states—

Queensland's budgetary performance is the weakest of all the Australian States.

What the report failed to mention was this quote from Standard & Poor's in the same report—

We consider limited budgetary flexibility as a credit weakness of all Australian states, including Queensland.

This is because most of the tax and revenue options rest with the Commonwealth, not the states and territories. This same report continues—

Queensland's financial management is excellent, in our view.

...

An upgrade in the medium-to-long term is possible once the structural improvements introduced by the Queensland government begin to be reflected in the state's budgetary performance and debt burden.

...

much of Queensland's capital expenditure is due to generational rebuilds, the state's rising population or is a result of the 2011 natural disasters

...

Hard-hit by natural disasters over the past year, the Australian state of Queensland remains a strongly rated government entity on a globally comparable basis.

And what was the title of this research update? *Ratings on state of Queensland affirmed on strong financial management; outlook stable*. It says that if it were not for the GFC, and in particular the natural disasters, Queensland is in pretty good shape. And that is how we left it when we lost government. Of course, that is not what you will hear from the Premier or the Treasurer or this trumped-up so-called independent Commission of Audit. This is not to imply that Labor would not have taken any measures in government to pay down debt and reduce expenditure. For example, at the last midyear review Labor locked in \$737 million in net savings—that is, savings after new spending. The LNP opposed all the measures Labor took to restore the budget position over the last term of government.

To soften the impact of the GFC, Labor governments at state and federal level put in place stimulus measures, whereas the LNP were GFC skeptics—brushing over the global impacts of this crisis that saw rioting in the streets and deaths, unemployment levels of around 25 per cent, the school week in some US states reduced to just four days and local police services completely shut down. In Australia we did not see the full impact of this crisis because we acted and we acted early. These things did not happen here because Labor took the tough decisions to build vital and necessary infrastructure to keep pace with a growing population and to keep people in jobs.

These are just some of the achievements that we in the Labor party are proud of. While delivering all of these priorities we kept Queensland's No.1 tax status. We all remember at the last budget the Treasurer's statements that Queensland did not have a competitive tax environment for businesses and that taxes and charges are out of control. An independent report by Pitcher Partners confirmed last year that, on tax competitiveness for a start-up operation, the significant gap set by the Queensland government is not being narrowed by the other states. We maintained the lowest transfer duty of all mainland states in Australia, the highest payroll tax threshold and lowest rate, and the lowest rate of duty on general insurance in the nation—taxation \$440 below the national average. This was confirmed in the Commission of Audit report, which states that Queensland is a low-taxing state. The Commission of Audit has also refuted the claims made by the LNP that Labor somehow went bust in a boom and squandered rivers of gold, where it outlines that revenue growth from property and mining was offset by weakness in other taxes and GST. Despite knowing the true budget position of the state, the Treasurer then drafted a set of election costings that proposed a series of tax cuts and new expenditure worth over \$4 billion on their own count. Compare that with Labor, which ran very lean and announced election promises totalling \$1.8 billion with \$745 million of this funded from existing initiatives. As the economic recovery underway in Queensland gathers strength, it is the LNP that is the biggest financial risk to Queensland by proposing to cut Queensland jobs to fund its promises. It is time for the Treasurer to reveal to Queenslanders what Treasury really told him about the cost of the LNP's election commitments. He should table the incoming brief.

Labor's record is a proud one. The current debate about apportioning blame for the debt does nothing but trash Queensland's economy and talk down investor confidence. The debate should now be about how we continue to manage our investment in much needed social infrastructure into the future and how we continue to fund it as a federation.