




Speech by
Curtis Pitt

MEMBER FOR MULGRAVE

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QUEENSLAND ECONOMY

 **Mr PITT** (Mulgrave—ALP) (11.30 am): One of the greatest disappointments of the first 100 days of LNP government was the appointment of Peter Costello to perform what was supposed to be an independent audit of the state's finances. This ensured that, from the outset, the whole exercise was politically motivated and about providing a means for the new government to try to blame Labor for the LNP making undeliverable election promises and to justify asset sales.

The Costello audit focuses its attack on the May 2012 Treasury forward estimates performed for the LNP under the current Treasurer. These Treasury estimates confirmed the budget position outlined by the previous government and that a return to surplus was correct and had, in fact, improved. The Commission of Audit then presents no meaningful direction of what Treasury's estimates should otherwise be. Unable to find any black hole, the document became a political exercise of dreaming up scenarios six years into the future—well beyond any conventional or accepted budget forecast period. Only by taking this flawed approach could Mr Costello deliver the mythical figure of \$100 billion in gross debt by 2018-19—a myth incorrectly stated by many members of this chamber as being the current level of debt.

Reporting a made-up figure of \$100 billion in debt allows the Premier to set the bar low, based on a fictional point in the future, rather than at the gross debt of \$62 billion. I note that actual net debt is \$24.92 billion if you factor in the value of the state's financial investments. This non-existent \$100 billion debt figure is now being bandied about by a Premier who oversaw a 200 per cent increase in debt over his last two years as Brisbane's Lord Mayor. It is the same person who gleefully talks down the state economy by repeatedly referring to it as taking a power dive into the abyss.

If you look at state debt in context, Labor left the state with a debt-to-revenue ratio in the range for a AAA credit rating. The Commission of Audit Interim Report was unable to refute this. Let us look at what a truly independent ratings agency says about Queensland—one, I might add, the Premier previously sacked in a fit of rage after a downgrade to Brisbane City Council's credit rating. Standard & Poor's, in its assessment late last year, stated—

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 further—

An upgrade in the medium-to-long term is possible once the structural improvements introduced by the—

Labor—

Queensland government begin to be reflected.

These statements affirm that Labor had set in place a sustainable budget trajectory, one set back by natural disasters. The labour market figures from the Australian Bureau of Statistics confirm that Labor's decision during the GFC to borrow to build infrastructure was the right one. If unemployment today had been allowed to reach the levels of the previous milder Asian financial crisis, when the LNP cut spending, another 106,000 Queenslanders would be out of work.

The Premier's plan is to tell Queenslanders that he has been forced to cut 20,000 jobs and then land on a lower figure, painting himself as some sort of fiscal hero. He continues to say that the government has hired 20,000 public servants more than it can afford when Labor recorded seven surpluses out of the last 10 budgets, including two surpluses in the last four years prior to the natural disasters. If you take the time to read the Costello audit you will see that there is no evidence anywhere, nor has there been any released, to back up their claim that the government is borrowing to pay 20,000 public servants. That is because it is simply untrue. What the Costello audit does say is that the LNP's election commitments are largely funded by cutting employees and wages and that growth funding budgeted for front-line jobs in Health, Education and Communities is inconsistent with the LNP's election savings pledge. All this comes at a time when Nobel Prize winning economists Joseph Stiglitz and Paul Krugman are pointing to government job cuts as the reason for a slowing of the US economic recovery.

The Premier and Treasurer sprung on Queenslanders two days before the election that they had identified \$5.7 billion in savings to fund the LNP's election promises. The Premier said that he would achieve those savings by natural attrition of 10,000 people a year from the ranks of government workers and without forced redundancies. It is clear now that the LNP's \$5.7 billion black hole for its election commitments is the real reason for the sackings we have seen so far and will continue to see as the Newman government works its way through its Costello blueprint.

When the audit was handed down last month, the opposition rejected the offer of a briefing by Treasurer Tim Nicholls on its findings, because it does not believe that an LNP politician should be the mouthpiece for a supposedly independent audit team. The Leader of the Opposition wrote to the audit commission itself seeking a briefing directly by the three commissioners. That request has now been rejected and the commission has suggested the opposition take up the offer of an LNP briefing. I have said all along that, as an active Liberal Party operative, Mr Costello's position as head of the audit has always compromised and politically tainted what otherwise could have been a credible audit with the involvement of Professor Harding and Dr McTaggart. I would like to know if the other two commissioners share Mr Costello's and Mr Nicholls's view that an independent commission should not brief the democratically elected opposition. Peter Costello's refusal to brief opposition MPs on his audit of the state's finances proves the commission's lack of independence, and this refusal once and for all shatters any notion that the Costello audit is in any way independent.