



Speech by
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MEMBER FOR MULGRAVE

Hansard Friday, 14 September 2012

**APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL;
FISCAL REPAIR AMENDMENT BILL**

Mr PITT (Mulgrave—ALP) (5.04 pm): The budget handed down this week is the meanest and trickiest I have ever seen. It is a budget with a record operating deficit this financial year for Queensland as the LNP proceeds making cuts to try to pay for their unfunded election promises. And it is a budget, despite all the rhetoric from this Premier and Treasurer, that fails to deliver one cent towards debt reduction.

The heartless, reckless and cruel cuts by this government are all about funding the LNP's election commitments and have nothing to do with paying down debt. In fact, this government is increasing debt by more than \$20 billion, just as was projected to occur by Treasury for the previous government.

In a letter to the *North West Star* on 27 August, the Treasurer told us that he was not selling the retained stake of QR National. He made sure that he hid it in the budget papers. Surprise, surprise—it is there in the numbers at page 144 of Budget Paper No. 2. This is just like his broken promise on selling government office buildings where the Treasurer provided an explicit promise to the *Australian Financial Review* in February that he would not sell them. And it is just further proof that the LNP's cuts are all about paying for unfunded election promises.

Last night we saw the Treasurer release an extraordinary statement trying to blame Labor for his credit rating downgrade. This is despite Fitch in March clearly stating that this budget was the LNP government's responsibility—and highlighting the steps Labor had made to restore the budget position. It was also a massive self-contradiction from this Treasurer who told *7.30 QLD* that he agreed this budget was a line in the sand and was his 'full responsibility'. I need to further outline here today why these savage and ill-considered cuts are unnecessary—and to do this I will set out very clearly how the Premier and Treasurer have attempted to execute a ruthless political strategy—a political strategy that, as set out in the budget papers, is already permanently damaging Queensland's economy.

The Premier since being elected has been working hard, not as a leader of Queensland but rather at talking down our economy and our fiscal position. The first part of this political strategy has been to recruit a political mate Peter Costello to make up a debt figure. Already five members of this parliament have had to apologise for using this fictional debt figure of \$100 billion. And now it has been revealed that the gross debt figure in the midyear review under Labor was correct at \$62 billion, not \$65 billion as made out by the Treasurer.

Mr STEVENS: The Manager of Opposition Business has just misled the House. He said five members of this House have had to apologise. That is not correct.

Mr DEPUTY SPEAKER (Mr Berry): Order! It is overruled. Continue on.

Mr PITT: The simple fact is that, despite hiring Peter Costello, this government has been unable to find a black hole. And you need not take my word on this. At least three professors have completely discredited the Costello audit, this budget and the LNP's political strategy. Only on Wednesday night on *Lateline* a Professor Clive F Palmer launched an attack on the budget and the Premier. And today

Professor Palmer said that the Treasurer's budget was 'worse than Labor could manage in 10 years'. I have already heard the Treasurer ridicule and berate Professor Bob Walker, but he is ominously quiet about one other.

Just like Hogwarts School of Witchcraft and Wizardry, there is one name the Treasurer won't dare speak—the Treasurer's own Lord Voldemort Professor John Quiggin. He does not want to draw attention to the analysis by the Federation Fellow, because it is a truly independent analysis—one which puts a sword to the Costello audit. The Quiggin analysis largely supports what the opposition has been saying for some time. I will quote from it directly—

The Commission has not discovered any 'black holes' or substantial mis-statements in the budget estimates of the outgoing Labor government.

As I have set out previously, the Costello audit spends most of its time attacking the independence of Treasury's figures provided to the LNP government. You will not read in the Costello audit that Labor left Queensland with a net debt projected in the midyear review of \$24.92 billion, lower than New South Wales, \$40.27 billion, and Victoria, \$25.6 billion. To consider the debt position without factoring in the investments and assets we hold is a distortion—and the Treasurer knows this. As the Treasurer's own Lord Voldemort has said—

In reality, the state's overall balance sheet, summed up by public sector net worth remains strong, and has improved over the last decade.

In the Treasurer's investor blue book he highlights our state's ratio of financial assets to total liabilities—to show overseas investors that Queensland has 'financial strength compared with other Australian states'. Nowhere in the blue book will you find mention of a 'debt crisis' or a 'power dive into the abyss'. Instead you will find reference to the commentary of ratings agencies that Queensland under the last government had 'excellent financial management on very positive liquidity'.

There simply is no 'debt crisis' in Queensland. This has all been a political fabrication and the Treasurer's comments at home must be of great confusion to investors who are looking at record low bond yields for Queensland. Any economist would understand that bond yields go up when you are in a debt crisis. The Treasurer knows this but he is being mean and tricky.

The second key component of the LNP's political strategy has been to make up that the government is borrowing to pay 20,000 workers. The Premier went around the state repeating this ad nauseam. The first cracks in the Premier's statements appeared when Dr Doug McTaggart told the Queensland Industrial Relations Commission under oath that this simply was not true. The following day the Premier rushed out a letter from Dr McTaggart saying the budget was in deficit but the letter did not dispute his testimony.

It is worth noting here that the findings of the Costello audit on the growth of the Public Service relative to population are no revelation. They are all set out in a report by the Public Service Commission available online since June 2011 entitled *Characteristics of the Queensland Public Service workforce*. Nor did this analysis consider, for example, the size of the Public Service relative to the broader economy. If you look at the ratio of government workers to the broader workforce, it has dropped from 12 per cent in the year 2000 to 8.85 per cent last year. We later heard from the Treasurer that the Costello audit randomly picked out the year 2000 as that of the 'right sized' Public Service.

Then the third strike came to the Premier's 20,000 jobs myth—the budget papers. Budget Paper No. 2 states at page 85—

Given that employee expenses (including superannuation expenses) comprise marginally less than 50% of total expenses, the Government considered that achieving fiscal repair may have required a reduction of up to 20,000 FTEs in the public service.

This does not say that Treasury provided this advice; it says that the government considered it might need to sack 20,000 people. This is important—not the Treasury but this LNP government. You will not find anywhere in the budget papers proof that the government was borrowing to pay 20,000 government workers. That is because it just ain't so.

On the government's own numbers, they have known since 11 July this year that they would not need to sack 20,000 people even to fund their own promises. On this date, the Treasurer said that he would need \$4 billion in savings over three years to reach the same level of debt as Labor after 'policy decisions' were implemented—which was code for his unfunded election promises.

In his answer to question on notice No. 368, the Treasurer outlined that he would save \$100,000 from each government worker sacked. On these figures, the Premier would not need to sack anywhere near 20,000 government workers to fund the LNP's promises—and not even 14,000 people. The Premier has known this since July but he has not told Queenslanders. This has caused permanent damage across Queensland's economy—not just to the lives of government workers. The Premier's actions have caused a crash in confidence in Queensland. Recent polling by Galaxy has shown that 49 per cent of Queenslanders in small to medium sized business are concerned about their job over the next 12 months. These are the people at the corner shop, at our coffee shops, at our restaurants and in our retail stores. We have seen the queue of unemployed in Queensland as measured by the ABS to August increase by 7,340.

That is 7,340 more Queenslanders looking for work, and that is before this week's savage and cruel job cuts.

Queensland's unemployment rate is now hovering at 0.1 per cent below levels recorded in the global financial crisis. In terms of timing, many sacked government workers will experience unemployment in time for Christmas. They will not only need to compete with each other for employment but, with years of experience to offer, they may make it harder for school leavers and graduates trying to enter the workforce.

The budget papers predict unemployment to average GFC levels this financial year. The Treasurer's own budget papers outline that his reckless job cuts are contributing to this rise in unemployment. The budget papers also reveal that economic growth next financial year will fall, with this government's job and service cuts a contributing factor.

In response to accusations by the health minister, let me make it clear that Labor's plan for managing the Public Service was sustainable, measured and voluntary. The number the health minister refers to is the number of non-front-line people who were asked if they would like to be considered for a redundancy. The key words here are 'asked' and 'considered'. This pool involved no forced redundancies and the net was cast wide so that the overall target of VSPs could be achieved. This was because not everyone who was offered a redundancy took a redundancy. If someone did not take up the offer of a VSP, they were left alone—unlike this government which is sacking people.

We had a measured plan to return to surplus in 2014-15. Labor left unemployment at 5.5 per cent. Since this time under the LNP, unemployment has increased to 5.8 per cent and is projected to average six per cent in the budget papers this financial year. The contrast between us and the LNP is clear. Labor in government oversaw the biggest fall in unemployment in the nation, from 9.8 per cent when the LNP were last in government down to 5.5 per cent. Under this LNP government, we will have GFC levels of unemployment despite Labor having left our economy growing the second fastest in the nation behind Western Australia.

We left taxation per person \$440 below the national average. This budget has introduced a raft of new taxes that will increase the tax per person by \$76 on what it was under Labor. Under the LNP in this budget, tax as a percentage of the economy has increased from 3.68 per cent under Labor to 3.74 per cent under the LNP. You can take the Premier's claims about being low taxing with a grain of salt.

The Treasurer issued a release yesterday saying that we should have prepared a complete alternative budget. Never when in opposition did the now Treasurer outline in a budget reply what he thought the fiscal surplus should be, nor the debt level—nor did he identify capital measures specifically to pay down debt. Rather, this budget copies capital measures from the last budget update under Labor. We know that the Treasurer certainly did not tell us about what he thought the 'right sized' Public Service should be. This budget has shown that the LNP broke many of their promises and quite simply got their numbers wrong.

Over just the three years of the LNP's costings, their car rego commitment has blown out by \$8 million. Their payroll tax commitment has blown out by at least \$80 million and, if implemented to the letter of the LNP election commitment, the blow-out may run into the billions of dollars. Their policy to freeze tariff 11 is underfunded and will not meet the true cost of the policy. Costed at only \$63 million in 2012-13, the true cost has already been revealed to be \$220 million. Put plainly, there was no funding provided in the LNP's costings for their electricity and water promises—none. We were told they would be funded through the mythical removal of 'mismanagement', but it turns out that this 'mismanagement' was not there.

Not revealed before the election are the measures to cut the first home owners grant, delivering \$290 million, and the transfer duty hike for properties over \$1 million, providing \$361 million to fund their principal place of residence abolition. If you include the LNP's undercooking of environmental initiative savings by \$228.8 million—and unfunded redundancy program of \$800 million—the costings blow-out is more than \$1.9 billion.

Over the next three years, this budget includes \$3.5 billion in expenditure cuts, including the sacking of 14,000 government workers, and an overall \$624 million increase in revenue to fund the LNP's \$4 billion in promised election savings. We have said it for some time and now it is there in black and white for all to see. The Treasurer continues to deceive the House when he talks about Labor's election costings being only one or two pages. For his benefit, I table Labor's 32-page costings document which made in total \$1.792 billion in promises with \$745 million of these funded from existing allocations and savings.

Tabled paper: ALP Costings: 2012 State Election [\[1074\]](#).

None of the LNP's funding sources for their promises were made apparent to Queenslanders before the election. This is just another deception of the meanest and trickiest Treasurer in Australia's history. He simply did not tell us before the election about his plan to sack 14,000 government workers.

Since this government came to power, reckless decisions have been made that will have a deep impact on people's lives. I am a positive person by nature and I have been looking for good news stories

wherever I can because there has been a lot of news that has not exactly been uplifting. But good news for Far North Queensland in this budget is hard to find, unless you look at all the initiatives that were funded by Labor and are now being marketed as LNP projects—projects like the Whiterock residential facility in my electorate of Mulgrave; the \$446.3 million Cairns Base Hospital redevelopment; the \$23.3 million foreshore development at the Port of Cairns; and the \$3.3 million fire and rescue station at Mareeba. But, in listing those projects, this is a budget that rips away money for the regions and Far North Queensland. Far North Queensland certainly is a big loser in this budget. The budget sacks the staff who support our emergency services workers in regional Queensland and strips away 316 positions from Community Safety.

I have also been made aware of cuts to TAFE services in Far North Queensland from 26 down to 15. There has also been talk of possible cuts to staffing at Innisfail State College, and who knows how many health jobs will go from the Far North. It directly and clearly rips out \$57.3 million for the Cairns Entertainment Precinct.

People will notice that when it comes to the airport upgrade Mareeba misses out. For all the claims by the member for Cairns of so-called 'phantom money' in the last budget under Labor, there is no funding identified for the upgrading of the Cairns CBD in these budget papers. For his benefit, I table page 111 from Budget Paper No. 2 for 2011-12 that clearly shows the funding allocated by Labor.

Tabled paper: Extract from Capital Statement 2011-12, page 111, Transport and Main Roads budget [\[1075\]](#).

This budget prepared by a South-East Queensland centric LNP government includes an infrastructure program that reduces funding for regional Queensland compared with last year's budget under Labor. Seventy per cent of capital funding will be spent within a four-hour drive of Brisbane, leaving the Far North out of the equation.

Because this budget really contains very little by way of new projects and funding, it means that it takes even longer to talk about what is not in it. I will discuss what this budget has meant for some of my areas of portfolio responsibility, but I will need to speak in greater detail about others at a future time. When it comes to Main Roads, the LNP might talk big but they do not deliver. The centrepiece of the LNP's election policy for roads was their plan to spend an additional \$1 billion to fix the Bruce Highway over 10 years. But their promise comes with a big asterisk—'subject to the Commonwealth government matching their funding'. In this year's budget as a result, they have budgeted only \$10 million for this policy. Next year it does not get any better with a paltry \$10 million allocated to fix the Bruce Highway. Note the Treasurer did not tell us that his first budget would deliver more funding this financial year for the electorate of Ashgrove than in additional funding for the Bruce Highway. Thank goodness Labor funded the \$150 million Cairns Bruce Highway upgrade and it was already locked and loaded, because motorists south of Cairns just would not stand for this kind of political game playing on our national highway.

This budget includes the delivery of the \$12 million provided by the federal government for the much needed Wrights Creek Bridge upgrade. I mention this because the LNP, and in particular the federal member for Leichhardt, continue to make out he is still 'strongly lobbying' for the upgrade of this bridge. The funding for the Wrights Creek Bridge has been allocated, pre-construction work has commenced and the project is expected to be completed by the end of 2012. I table a copy of my recent media release on this. Once and for all, for those in the LNP who may be a little slow, in the case of Wrights Creek, a bridge is being built. Now get over it!

Tabled paper: Document titled 'Entsch Bruce Highway brochure nothing more than "junk mail"' [\[1076\]](#).

The Transport Infrastructure Development Scheme assisting local governments with road projects has seen its funding dramatically cut. Last year \$56 million was allocated to TIDS. This year only \$31 million will be spent. We knew coming into the budget that RoadTek jobs would be on the chopping block. Those fears have been confirmed, with more than 550 RoadTek jobs cut across the state. This represents a reduction in the workforce of almost one-third and will severely impact road maintenance, construction and RoadTek's disaster response capabilities. The cuts in RoadTek come on top of the already deep job cuts in DTMR totalling 1,300 full-time employees. The government has also announced that it will be holding a RoadTek fire sale. Equipment that it no longer needs because it has slashed the workforce will be sold off to bring in an estimated \$98 million.

Despite the minister's boasting about the size of the department's capital budget earlier in the week, \$1.6 billion has been wiped from the four-year Queensland Transport and Roads Investment Program, or QTRIP, by the LNP. In my own region of Far North Queensland, dozens of projects have fallen off the LNP government's radar. We already know that the member for Cairns has lost more than \$90 million for the people of Cairns by losing out on projects like the CBD upgrade and entertainment precinct. The latest QTRIP confirms that roads and transport infrastructure in the region is going to suffer even more. It would take too long to list all of the projects that were slated to receive funding under the Labor government that have now been dropped from the LNP's QTRIP. I take this opportunity to table the Far North Queensland section of QTRIP from the 2011-12 to 2014-15 report, which was produced by the Labor government, as well as the latest version produced by the LNP for the years 2012-13 to 2015-16.

Tabled paper: Extract from Queensland Transport and Roads Investment Program 2012-13 to 2015-16—Far North Region [[1077](#)].

It does make for shocking reading. I will mention only a few projects such as the widening and sealing of Henderson Drive between Kalbo Road and the Palmerston Highway; upgrades to Flying Fish Point Road, Barron Gorge Road, Lockhart River access road and Northern Peninsula Road; planning for the Jardine River bridge crossing; and work on Yarrabah access road. There are only two projects listed in this year's local road network section. Last year there were almost 90. Roads and transport infrastructure is the lifeblood of regional Queensland. Without a high-quality road network, the Far North would grind to a halt and small remote communities would be cut off from major centres. This roads budget is a failure for the people of regional Queensland, the much hyped promise of extra funds to fix the Bruce Highway was a fizzer and much needed local projects have been cut.

This is a mean and tricky budget accompanied by a political strategy that has destroyed lives and permanently damaged our economy. Before the election, the Premier said to government workers, 'Do not be afraid of me.' Those people who were told they had nothing to fear have every right to feel betrayed, to feel like they have been conned by the LNP. I will conclude with a quote from Professor John Quiggin. He states—

Apart from the mass sackings, the budget barely addressed any of the state's problems and showed little in the way of fiscal discipline.

This budget will be remembered as one of the most ill-considered and cruel in our state's history. Whilst Labor does not oppose every element of these bills, they are built on the broken careers of 14,000 government workers and the broken promises of the Newman LNP government. The opposition will be opposing these bills.