




Speech By
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APPROPRIATION BILL (NO. 2)

 **Mr PITT** (Mulgrave—ALP) (3.42 pm): I rise to contribute to the debate on the Appropriation Bill (No. 2) 2013. From the outset, let me say that the opposition is extremely disappointed by the way in which the Treasurer introduced this bill. His introductory speech is certainly something to behold. This bill has been introduced as an act of political communication under the guise of transparency. The Treasurer made much in his introductory speech of having met his existing obligations under the Financial Accountability Act 2009 to table the Consolidated Fund Financial Report within 14 days of receipt of the Auditor-General's report. Congratulations, Treasurer, for meeting your existing legislative obligations! Gold star!

The Treasurer went on to claim that by introducing this bill he was somehow increasing transparency. When this bill was then referred to the parliamentary committee, the opposition requested that transparency. We asked for a breakdown of high-level lapses in appropriation, acknowledging that there would be some work involved—even asking only for those of a high dollar amount. The request was clear and achievable. The Treasurer refused this request from Queensland Treasury to provide this information back to the committee. So let us just call it for what it is.

The Treasurer cannot come into this parliament and claim that he is introducing a bill to improve transparency and then refuse to release additional information—even part thereof—than that contained in the Consolidated Fund Financial Report. What is the point of having a debate in the absence of all of the information? This is not about having a fair debate. If the Treasurer believed in having a fair debate or if he really believed in transparency, he would not have been instrumental in shutting down and gagging the budget debate earlier this year—gagging the budget debate which may or may not have allowed him to leave parliament early to attend a black-tie function.

The shutting down of the budget debate was an act that is symptomatic of the complete lack of respect that this government has for the parliament and for democratic process. This government's arrogance simply knows no bounds. It operates like it is not accountable to anybody or to the truth, which is clearly of no consequence to the government. It is a government that makes it up as it goes—manufacturing crisis after crisis to suck up political oxygen from the real and long-lasting damage it is doing to this state.

It does not matter to them if lives are changed for the worse in the process of manufacturing a crisis. The members of this government sleep well at night, seemingly oblivious to the lives they have damaged and oblivious to the dollars they will waste as a result of their decisions including \$750 million in their fire sale of seven office buildings in the CBD—a \$226 million loss on sale in addition to more than half a billion dollars in new rent costs. This is arguably of a greater scale than the previous government's issues with the Health payroll implementation, I say again, albeit less than the dubious headline figure touted by the health minister ad nauseam which includes the necessary

operating costs. Worse still, the CBD sell-off fiasco was money the Newman government wasted by design, not from unforeseen circumstances.

In his introductory speech the Treasurer made wild claims that unforeseen expenditure of \$9 billion in 2010-11 was an act of 'incompetence'. I have heard some good ones in my time but this was outrageous. This unforeseen expenditure and the reasons for it have been on the public record since late 2011, yet the Treasurer tried to make out that it was some kind of a revelation. Of this unforeseen expenditure, approximately \$2 billion was related to the establishment of the Queensland Reconstruction Authority and Commonwealth payments to respond to the largest year of natural disasters in our history.

The Treasurer says that not anticipating the largest year of natural disasters in our history is an act of 'incompetence', yet when the Treasurer went about his tax hikes earlier this year—these have contributed to taxes per family rising by \$1,000 or more—what did he blame? He blamed the flooding that occurred earlier this year. So apparently the previous government not anticipating the largest year of natural disasters in our history is an act of 'incompetence', while his—I say it tongue in cheek—'failure' to anticipate disasters that were smaller in scale and dollar terms earlier this year is okay.

It is a bit like the Treasurer and the global financial crisis. In opposition he consistently blamed Labor for not seeing it coming. He said that it was being used to wipe the blackboard of history—not that we ever received any warnings from the then shadow Treasurer. The same Treasurer earlier this month said, as he ran away from his four per cent jobs target—

I can't tell you what will happen. Who predicted the 2008 global financial crisis in 2007?

This Treasurer's unadulterated hypocrisy knows no bounds.

I move back to unforeseen expenditure in 2010-11. What was the explanation for another \$6.85 billion of this unforeseen expenditure? It was unforeseen debt repayments from the proceeds of the sale of QR National and the Port of Brisbane. These debt repayments were unforeseen because under accounting standards at the time the government was required not to anticipate the proceeds from asset sales prior to receiving the money. So, according to the Treasurer, not budgeting for sale proceeds prior to receiving them and then using those proceeds to pay down debt is 'incompetence'. This from a Treasurer who, when it comes to electricity assets—the power stations—wants to flog off the poles, the wires, the lot. So, once again, it is okay for the Treasurer to want to sell what Infrastructure Partnerships Australia tallies at up to \$48 billion in assets that we all rely on, but when the previous government repaid debt from smaller asset sales that did not directly service Queenslanders he labelled it 'incompetence'. This Treasurer believes his own hype so much that I sometimes wonder if he really remembers what is going on around him.

I will now address the lower unforeseen expenditure last financial year that the Treasurer so proudly boasted about in his introductory speech and again today. As the notes of the Consolidated Fund Financial Report set out, many agencies avoided unforeseen expenditure because budgeted pay rises for public servants were not delivered. This applied for the departments of Agriculture, Fisheries and Forestry; Communities, Child Safety and Disability Services; Education, Training and Employment; the Legislative Assembly and Parliamentary Service; the Office of the Governor; the Queensland Audit Office; and the Queensland Police Service. I am sure the Treasurer is extremely proud of not having delivered pay rises for public servants after recently providing himself and his colleagues a nice top-up.

The notes in the Consolidated Fund report also detail many other areas where there were deferrals to infrastructure projects and the provision of services. The total amount of these deferrals was \$4.4 billion in four departments—Transport and Main Roads; Local Government, Community Recovery and Resilience; Housing and Public Works; and Education, Training and Employment—which allowed \$3.1 billion of appropriation to lapse. But we have no breakdown of what services were not delivered or which projects were not undertaken by this government. Once again, this appears to be a source of personal pride for the Treasurer. When the opposition requested through the Finance and Administration Committee a headline breakdown of these deferrals, we were not properly furnished with this information. Based on this nonprovision of information, you just cannot trust this Treasurer when he utters the words 'transparency' or 'accountability'—or 'economy' or 'finances' for that matter.

The Treasurer also selectively excluded mention from his speech that unforeseen expenditure was lower for Treasury because of \$493 million in payments from the former government's

Queensland Future Growth Fund. Nor did the Treasurer mention an unexplained \$627 million equity withdrawal, which also reduced supplementary appropriation.

This Treasurer is the master of spin and cherry picking figures. With three more political staff and fewer ministerial responsibilities than his predecessor, he goes about looking at economic releases working out how best to confuse people rather than actually lead or think of policies for our future. The Treasurer was no doubt very proud of himself in his second reading speech trumpeting his made-up \$100 billion debt figure from his mate Peter Costello and coming up with the percentages as to how his unforeseen expenditure was low but all the while refusing to provide details of significant deferral of services and infrastructure that have assisted to deliver this result. The Treasurer may well need to get out of the hallowed streets of Clayfield and those cash-for-access lunches in order to take a long walk down the street and talk to some real people. I have been out there talking to real people—people who have had their elective surgeries cut by this government who live with pain and discomfort every day not knowing when they will receive treatment. The deferral of surgeries is not something to be proud of or to arrogantly boast about in this chamber. However, this Treasurer clearly thinks it is.

The Treasurer in his second reading speech also made an interesting comment when he said—

... a debt is just a tax on future generations because it always has to be paid.

This just shows how naive the Treasurer is when it comes to understanding macroeconomics. The Treasurer seems to believe that investment to support economic growth is some horrific socialist abomination, a suggestion that investment in infrastructure is some horrible tax on future generations. He had better not tell that to West Australian Premier Colin Barnett, who has acknowledged his priority is infrastructure projects rather than his AAA credit rating, or mum's the word around Tony Abbott, who said he raised the debt ceiling by \$200 billion so that he can lead what he calls an 'infrastructure government'. Does the Treasurer really believe that investing in infrastructure to support population growth cannot possibly support higher revenue to the state into the future or improve the productivity of the economy? There are very few people out there who can afford to buy a house without a mortgage, yet there are not people accusing all homeowners with a mortgage of 'living beyond their means'—a phrase we hear all too often from this Treasurer.

I make this point because this framing of the discussion—that any debt for infrastructure is bad—only stands to undermine investment and growth in Queensland. The Treasurer makes out that the previous government was living in some dreamland while ignoring its response to the worst global economic conditions since the 1930s and the largest natural disasters in our history. Labor's stimulus based policy response involving \$60 billion in infrastructure investment over just the last four years of the government has reshaped Queensland. The Treasurer talks about interest repayments on the debt used to fund this infrastructure. However, we never hear about the revenue and the growth that would be foregone without this investment. Revenue under the Newman government is set to grow by \$11.42 billion per year over five years, yet all we hear from the Premier and the Treasurer is doom and gloom about the finances, and nor is it considered that unemployment would also be substantially higher without Labor's investment. Unemployment is already higher under the Newman government. No amount of spin, bluster or rhetoric can cover this up.

Without Labor's infrastructure program, we would not have the second Gateway Bridge today; the Gold Coast University Hospital, which the Premier opened today—a great Labor project that will benefit another generation of Queenslanders; and nor would we have the redevelopment of the Cairns Base Hospital in my region of Far North Queensland. The Douglas Arterial Road on the Townsville ring-road would never have been widened, nor the Rockhampton Hospital expansion, the Calliope range deviation, the berth 10 terminal at Townsville port where the Treasurer recently cut the ribbon or the Gold Coast rapid transit project that the transport minister now proudly stands next to. These are just a handful of examples. Queensland today would be a vastly different place and the Treasurer would have far less revenue to rely on than he does today without these investments.

We could also have made the decision during the GFC to cut off Brisbane City Council from borrowing from QTC under the now Premier. I note that nearly half of the increase in local government debt since 2009 has been at Brisbane City Council—an increase of \$1.9 billion. The current Premier wrote to the previous government encouraging the former Premier to raise more debt and to disregard the AAA credit rating. His letter said—

There is a strong case that ... revenue gains (or at least a portion of them) should be allowed to flow through to additional spending, rather than speeding the path to a AAA rating.

I suppose this means that the Treasurer believes the Premier is living in some socialist fairyland as well!

While the Treasurer spends most of his time trying to rubbish his predecessor, he has no policy for the future beyond a mass sell-off of services and assets to LNP donors and mates. We never hear the Treasurer mention that in 2010 ratings agency Standard & Poor's flagged an upgrade to Queensland's credit rating to AAA and nor do we hear him quote Standard & Poor's from September 2011 when it said in relation to natural disasters—

Although the government continues to demonstrate excellent financial management through its revenue and expenditure measures, external factors continue to make it difficult for the State to regain its AAA.

We will never hear those words from this Treasurer's mouth, and nor will we hear the Treasurer repeat the statements in the Queensland Treasury Corporation investor booklet that he provided to overseas investors prior to his budget which stated—

Strong investment and growth in recent years have accelerated Queensland economic activity relative to the rest of Australia ... or that—

Queensland's ratio of financial assets to total liabilities indicates its relative financial strength compared with other Australian states ...

or—

Queensland has a far lower level of General Government net debt, relative to operating revenue, compared to other similar international semi-sovereign issuers ...

or that Queensland had—

... Excellent Financial Management on very positive liquidity ...

In January last year the Treasurer was calling the Queensland economy a 'basket case'. At that time business investment was tracking at a record 40.3 per cent growth, private investment was at 25.8 per cent, household consumption was at 4.1 per cent and dwelling investment was still weak after the GFC, contracting by 2.2 per cent. Compare this with the growth figures that the Treasurer is now boasting about and hailing as the signs of an economic recovery. Business investment has fallen to 9.4 per cent, private investment is down to 5.2 per cent, household consumption is down to 2.9 per cent and dwelling investment is even weaker, contracting by 6.8 per cent. Overall gross state expenditure—a measure of domestic demand—fell from 8.3 per cent in 2011-12 to 2.5 per cent last financial year. I table a Queensland Treasury document that summarises all of this for those opposite.

Tabled paper: Document by Queensland Treasury and Trade: Queensland State Accounts, June quarter 2013 [3922].

The headline growth result that the Treasurer boasts about was propped up by a continued recovery in coal exports following the 2010-11 natural disasters. The economic measures that matter to real people—household spending, dwelling investment, private investment and business investment—are all lower under the Newman government, not to mention that unemployment is higher. He may not be hearing it in Clayfield or at his cash-for-access lunches, but it does matter to real people. While the recovery in coal exports is great for BMA, Rio Tinto and Glencore Xstrata, it has no impact on the lives of ordinary Queenslanders to the same extent. Real people care about whether they can find work, about retail activity and about broader investment in the economy. This is just more evidence of the arrogance and how out of touch the Treasurer really is.

Similarly, the recent investing in Queensland advertising campaign makes for interesting reading. The Treasurer boasts about Queensland having retail turnover of four per cent, which of course was where Labor left it. It is now lower under the LNP. The Treasurer's ad boasts about a record \$60 billion in business investment—the record set under Labor, with business investment now declining under the Newman government. The ad boasts about Queensland's competitive tax status—a tax system that was even more competitive under Labor before the Newman government increased taxes per household by more than \$1,000. The ad boasts about strong employment growth that was being recorded under Labor. In the first full financial year of the Newman government, employment growth in Queensland was 0.3 per cent—the worst result in more than two decades and down from 1.3 per cent under Labor. Finally, on economic growth, it boasts about an average growth rate of four per cent. This was where Labor left the economy and the Treasury forecast growth to slow this year to three per cent. For the Treasurer to have called an economy that was in a stronger position under Labor a 'basket case' and a 'mess' from opposition and then turn around and try to sell Labor's record as his own just shows how wrapped up in spin he really is. I table for the benefit of the House an overlay of what this ad is really saying.

Tabled paper: Document titled 'Investing in Queensland' [3923].

We saw this again just last week as the Treasurer went out boasting about the October quarter CommSec *State of the states* report. On the economic growth ranking, Queensland was ranked second at the election. To send us back to fourth and then hail as an LNP inspired recovery a movement back up to third can only be described as spin. Similarly, on the overall rankings, Queensland went down from fourth to then recover back to fourth in the October quarter report. Apparently this is great and somehow a recovery from a stronger economy with lower unemployment that the Treasurer labelled a 'mess' and a 'basket case'. The Treasurer will likely stand up in this parliament again—and of course being top and tailed on the speaking list with just him today is a pleasure I do not usually have—and he is going to suggest that I am talking down the economy. This juvenile stunt is the bread and butter of a politician who believes that apparently what is said in opposition stays in opposition. I believe that the Treasurer is capable of better than this. However, he arrogantly believes that it does not matter—that reality is disconnected from his fate and that he can just say whatever he likes. The Treasurer might disregard the facts now, but he cannot run away from them forever. John Howard once said that in politics you need to be 80 per cent pure, and this would be a lofty aspiration for the Treasurer to reach. It would certainly be an improvement on the current form.

Of course, the opposition will not oppose this legislation to approve expenditure that has already been incurred. The point must be made, however, that the timing of this bill has been all about a political stunt with no connection to transparency or accountability, unless you join the dots by a very highly political second reading speech. If the Treasurer was genuine about transparency and accountability, he would not have spent his second reading speech attempting to make cheap political points and cherry picking figures, as we have seen time and time again. But I am responding to his disingenuous claims. Quite frankly, I have had enough of the juvenile political games. Queenslanders will fast grow tired of his repetitious spin as well. The government might well think it is getting away with this for the time being and it might think it is getting away with an Orwellian narrative, but Queenslanders know that it is hard to find work and that spending has slowed. They do not appreciate the Treasurer's deception.