




Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

MINISTERIAL STATEMENT

Commission of Audit

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (9.47 am): Queenslanders have been left a legacy of debt and deficit by Labor—debt heading towards \$85 billion; the loss of Queensland's AAA credit rating; increasing taxes, fees and charges; taxes on the purchase of the family home; big fare increases for public transport; more land taxes; and more regulation and licence fees for businesses, knocking families and businesses for six in Queensland. Clearly, this was unacceptable to Queenslanders. Interest bills of potentially \$585,000 per hour showed just how much Labor was prepared to hock Queensland's future. This government commissioned the independent Commission of Audit to help chart a path back to prosperity for Queensland. On Thursday, after nearly 12 months of investigation and work, the Newman government received the independent Commission of Audit's final report. The commissioners briefed the Cabinet Budget Review Committee ahead of Friday's public release of the executive summary.

The report, containing 155 recommendations over 1,000 pages and over 330,000 words, is aimed at, (1) restoring Queensland to financial strength; (2) increasing productivity; and, (3) building prosperity warns that a business-as-usual approach will lead to more deficits and debt—debt that we will not be able to finance if it continues to accumulate at the way Labor accumulated it. The report makes it clear that, for Queensland to regain its AAA credit rating and maintain services that Queenslanders expect and deserve, the massive Labor debt legacy must be reduced by \$25 billion to \$30 billion. It also makes it clear that reducing the debt cannot be done by simply achieving surpluses. That would, if it were possible, take up to 50 years of surpluses of one per cent of revenue. The only other option is the Labor option: massive increases in taxes, fees and charges. Paying down debt rapidly and regaining the AAA credit rating would dramatically reduce the state's interest bill, enabling us to spend billions of dollars more on front-line services and infrastructure—things like flood proofing our cities and towns in rural and regional Queensland.

The report also addresses the challenges of delivering services in the 21st century and identifies declining productivity as a major issue in Queensland. It also says that in many instances the government should look to be the enabler not the doer. In 2010-11 Queensland had the highest cost of service provision of any mainland state and as such the report recommends introducing more competition. As an example, a health procedure in a Queensland hospital is almost \$1,000 more expensive than the same procedure conducted in a Victorian hospital. In effect, Queenslanders are paying more and receiving less while Victorians are paying less and receiving more. It says funding increases that were made by the previous government were not matched by productivity outcomes and recommends a review of the Public Service to achieve better value for money.

On Friday we released the executive summary to the public. The 2012-13 state budget addressed stage 1 of the fiscal repair task to stabilise the debt, and ongoing monitoring of that

process is underway. Last Friday marked the start of the public debate about stage 2 on how best to pay down Labor's debt, debt that ballooned under Labor from 2005-06.

This is a debate we must have. We will not sell government businesses without a mandate from the people and we are determined to keep the promise we made at the 2012 state election, but this does not preclude a sensible and rational debate. We will take time to consider the 1,000-page report in detail and I emphasise that no decision has yet been made. If the previous Labor government had taken the time to consider the various reports it had commissioned, like those into the Health payroll, maybe it would have avoided the disastrous decisions it made that we are left to clean up. All too often the previous government opted for the short-term political fix which has resulted in this government having to clean up its mess.

Ministers and backbenchers will be an important part of the process. On Monday I will deliver the full 1,000-page report to my cabinet colleagues with a party room meeting to follow in coming weeks. I look forward to a frank and open debate about the many and varied issues this report raises. I trust my cabinet colleagues will enjoy the 1,000-page read as much as I have and will consider its recommendations and its supporting evidence.

Let me emphasise it one more time: we will not sell government businesses without a mandate from the people. We expect to release the full report, along with the government's response, in about two months. This will be a careful and considered process, as Queenslanders would expect of their government. We will work to make Queensland the ideal place to live, work and invest—a great state with great opportunity, but we must fix the finances.