Speech By
Hon. Tim Nicholls
MEMBER FOR CLAYFIELD

MINISTERIAL STATEMENT

Queensland Economy

Hon. TJ NICHOLLS (Clayfield—LNP) (Treasurer and Minister for Trade) (2.12 pm): Yesterday the opposition released its response to the independent Commission of Audit's final report. Astoundingly, after 15 months in opposition, Labor is still in denial. This morning, the member for Mulgrave told Steve Austin on 612ABC that there was not a debt problem. But I think some of the things that we have been saying for a period of time in this House have finally penetrated because, within a matter of minutes, he changed his tune. He said, 'There is a debt problem, but it's not that difficult to solve.' If it is so easy to solve the debt problem, why did the member for Mulgrave not fix it when he had the opportunity?

It was the member for Mulgrave who was part of a government that lost Queensland's AAA credit rating. It was the member for Mulgrave who was part of a government that saw debt grow and grow and grow and saw interest become the fastest growing expense of the Queensland state budget—growing faster than health, growing faster than education, growing faster than police and community safety. The fastest growing component of the Queensland state budget under Labor was the interest bill.

He also did not accept that there was a budget black hole. He thought that all those years of deficits actually were not a black hole. He could not be more wrong. In the dying days of the Bligh Labor government, Andrew Fraser released a midyear financial update containing overly optimistic revenue projections for the forward estimates, which the member for Mulgrave curiously does not refer to.

Labor was banking on there being a miraculous overnight recovery in the property market that would deliver 14 per cent year on year annual growth in transfer duty. From 2013-14 through to 2015-16 the property market was going to deliver 14 per cent annual growth. If only that were true! The reality is that in 2012 this government was forced to write-down the overly optimistic projections of the former Labor government by almost $1 billion—$812 million in fact—over the forward estimates to ensure the financial projections actually represented reality, not the fantasy land that Andrew Fraser and Anna Bligh lived in.

Without making any changes to legislation or policy they also expected employee expenses, which were growing at an average of 9.6 per cent year on year, to miraculously fall to 3.7 per cent. Business as usual under Labor—all of a sudden their employee expenses were going to drop by more than 60 per cent. Labor's plan was not credible then and it is not credible now. The Labor Party has not changed its spots and debt and deficit remain in its DNA.

I have already referred to the comments of the independent officers of Treasury about Queensland's fiscal position and outlook being unsustainable and restoration being an urgent priority for the next term of government.

Opposition members interjected.

Mr NICHOLLS: I am going to keep saying it until they acknowledge the independent officers of Treasury. Until they do, they keep slandering the independent officers of Treasury and do not take them at their word. What did the Queensland Treasury Corporation say—

The State's debt has reached unprecedented levels. Together with its published forward estimates showing an even greater volume of debt required, Queensland is now in uncharted waters ...

It was not just those two organisations that said it. What have we got from the Queensland Auditor-General, an Auditor-General appointed by the Labor government in its last term of government? On page 35 of his report it states—

Borrowings by the General Government Sector have grown by 338.5 per cent between 2008 and 2012.

The increase in borrowings over this time has increased risks to the long-term financial sustainability of the state.

It continues—

For the GGS, annual interest expenses increased from $347 million in 2007-08 to more than $1.65 billion in 2011-12.

Page 28 of the same report states—

The growth in borrowings required to finance asset acquisitions has been greater than the growth in state revenues, reducing the state's capacity to repay debt from its own-sourced revenues.

That is the finding of the Queensland Audit Office and the Auditor-General. It backs up the findings of the Queensland Treasury officers and the Queensland Treasury Corporation. Labor is advocating the same approach that has seen Queensland go from a position of strength to a position of weakness. There is still after 15 months no plan and no alternative from an opposition that has no position.