




Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

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MINISTERIAL STATEMENT

Treasury Corporation, Global Roadshow

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (9.38 am): Earlier this month I returned home from a Queensland Treasury Corporation global roadshow that included the United Kingdom, Europe and the United States. The focus of this mission was to meet representatives from key financial institutions to promote QTC bonds, which are fully guaranteed by the Queensland government. As the guarantor for QTC bonds, my presence at these roadshows is regarded as critical for maintaining and strengthening Queensland's relationships and reputation in international markets. The meetings also provide an opportunity for investors to ask me direct questions about the state's economic and fiscal outlook. I might also add that I took the opportunity to engage in a number of trade functions in each of these areas as well.

QTC borrows funds in global financial markets to fund the state's public sector entities. As at 31 August, QTC had more than \$83.5 billion of debt on issue. While some of this debt is on behalf of local governments, universities and other entities, the majority of it is held by the Queensland government. There are more than 5,000 organisations across the globe that issue debt and therefore it is critically important for Queensland to maintain a presence in global markets. Of all the Australian states, QTC bonds are the most widely held offshore. QTC estimates that approximately 50 per cent of its bonds are held by international investors. To put it simply, more investors and more investor interest in Queensland government bonds mean a lower cost of funds for the state and taxpayers.

In each of the markets that I visited, I met with and briefed major existing and potential fixed income investors from organisations including central banks, insurance companies, pension funds and institutional asset managers. In London and New York, I met with and briefed members from the 15 global banks who distribute Queensland government guaranteed bonds in financial markets on behalf of QTC. I also met with senior head office personnel from rating agencies Moody's and Standard & Poor's to brief them on the Newman government's plans to stabilise debt and move the budget back into a surplus position. I was also able to outline how we are tracking against our previously outlined targets for fiscal repair.

The Newman government is stabilising debt at around \$80 billion in 2014-15. This is \$5 billion less than forecast by the previous government and more than \$6 billion less than the comparable estimate in the independent Commission of Audit. We have brought expenses growth under control, with general government expenses in 2012-13 estimated to be only 1.1 per cent higher than in 2011-12—the lowest rate of growth since accrual accounting began in 1988-89 and compares to the decade average under the previous Labor government of almost nine per cent a year. We have brought unforeseen expenditure under control. Gone are the days of \$9 billion budget blow-outs, as experienced under Labor in 2010-11.

We are well on the way to restoring the state's financial credibility, but the job is not over. There is worldwide pressure on governments to prudently maintain their balance sheets or risk further credit

rating downgrades. Western Australia's credit downgrade by Standard & Poor's last month is just one example of this. The Newman government is focused on restoring Queensland's finances while also stimulating economic growth, and we have seen some reports of that from the Premier this morning. But we are also determined to promote Queensland because Queensland is undoubtedly the best place in Australia to invest, employ and grow. The QTC roadshow was an opportunity to promote Queensland to the rest of the world. We have a fantastic story to tell and I was delighted to be able to tell it.