




Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

Record of Proceedings, 30 October 2013

APPROPRIATION BILL (NO. 2)

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (4.03 pm), in reply: Firstly, I thank the member for Moggill for succinctly outlining the exact problem. Despite the comments of the member for Mulgrave, we lost our AAA credit rating because the scrutiny of parliament was not applied and the questions were not asked at the right time. So when the bad habits of the former Labor government started snowballing, as they did, what happened? We lost the AAA credit rating.

The member for Mulgrave can talk about his government's investment. He can talk about that wise expenditure that went into the Tugun desalination plant that is not being turned on. He can talk about that wise expenditure that went into Traveston Dam that was never built. He can talk about that wise expenditure that went into the recycled water grid that has never been used. He can talk about that wise investment that went into borrowing to pay for the fuel that went into the police cars, that turned the lights on, that paid the recurrent expenditure. All of that was done under Labor and that saw us lose our AAA credit rating and saw debt go from just over \$20 billion heading towards, according to the member's own government's last budget papers, north of \$85 billion and conservatively by 2019-20—conservatively—heading towards \$100 billion. That was stratospheric debt and a business-as-usual unchanged circumstance. When you ask what was going to happen in the future with this government, you only have to look at what happened in the past. When you look at what happened in the past, you see that the debt went from \$25 billion to towards \$85 billion.

What have we managed to do in the meantime? We have managed to reduce recurrent expenditure to the lowest level since accrual accounting was introduced into Queensland in 1998-99—1.1 per cent general government increase. We have managed to contain wages growth to one per cent—again, the lowest level since accrual accounting was introduced in 1998-99. We have been able to reduce the call on debt by over \$5 billion so that now debt will no longer be as crippling as it would otherwise have been. It is still a serious issue, but it will not be as crippling as it would have been under Labor at over \$85 billion heading towards, on a conservative estimate, \$100 billion.

We have been able to reintroduce fiscal discipline into the accounts of the Queensland state government. We have done that while also recording, much to the shadow Treasurer's chagrin, only \$64 million in unforeseen expenditure. He can talk about all the events that occurred but, when you look at the history, the numbers speak for themselves. I outlined in my explanatory notes the unforeseen expenditure since 1997-98. Let me recount it. I was not going to, but I will read it into the record now.

In 1997-98, what was the unforeseen expenditure? \$2.9 billion. It was \$3 billion in 1997-98. Fifteen years ago it was still nearly \$3 billion because they could not manage the books—sorry, that was us. In 1999-2000, the first full year, the outstanding unforeseen expenditure was \$295 million. If we go all the way through each year during the golden years of the economy—the resources boom

mark I, the property boom—what do we see? In 2001-02, \$1.5 billion; in 2002-03, \$2.3 billion; in 2004-05, \$77.5 million; in 2005-06, \$1.8 billion; in 2006-07, \$3.99 billion.

I ask the member for Moggill: was there a better year in the Queensland economy than 2006-07? It is hard to remember when property prices were more resilient, when consumer growth was higher, when the rivers of gold from the mining boom were rolling in at a faster rate. I think land tax was coming in at almost \$1 billion a year. Even then the profligate Labor government, spending like sailors on a spree in town after six months at sea, could not get their budget figures right. Who was the Treasurer at that time? Anna Bligh. She got her hands on the levers and she said, 'Yeeha! Let this one rip, boys. We are going to spend, spend and spend some more.'

What also happened is former Premier Peter Beattie—that supposed doyen of financial rectitude, the Scotsman; God help the Scots if ever Peter Beattie went home—spent over his budget by over \$3.99 billion. There were no natural disasters that occurred in that year. The only natural disaster that occurred in 2006-07 was Peter Beattie and Anna Bligh and a river of gold that they could not escape. They were like addicts. They were mainlining. They could not get it up their nostrils fast enough. That is what was happening. That was the natural disaster that occurred in 2006-07. Then in 2007-08, \$2.152 billion; \$2.95 billion in 2008-09 and so it goes.

In all of those instances there is only one common theme, and that is it was under the ALP that this occurred. It was only under the ALP that that unforeseen expenditure ever occurred. After 2008-09 you could not even ask questions about it because there was not a debate on an appropriations bill that allowed one to say, 'It says this in the Consolidated Fund Financial Report. Mr Treasurer, will you explain what is going on?' Because what happened is the unforeseen expenditure for the prior year was not included until prospectively the budget for the further year was put through. There was a question period that allowed, I think, 10 questions for the opposition at any one time so one could not ask questions about it. That was the way in which it was done.

Andrew Fraser made not one mention of it in this chamber. He did not have the courtesy to explain to the parliament or the people of Queensland that he was behaving in such an underhanded fashion. When one adds the complete failure of his government to tell us about these things until a year after the event to the number of things that the ALP did not tell Queenslanders about—cutting the fuel subsidy, the sale of assets, jacking up car registration to make it the most expensive in Australia—one can see why the people of Queensland so comprehensively rejected the Australian Labor Party as a government of this state and will continue to do so, in my view.

The member for Mulgrave made a number of claims in relation to statements that I have made regarding the Invest Employ Grow program that is currently underway. Mr Pitt, in his somewhat university style—perhaps he has a university lecturer working for him as the shadow health minister does—claimed that, under the LNP, Queensland growth is forecast to slow to three per cent from four per cent. The member for Mulgrave has previously claimed that the LNP inherited an economy—believe this, fellow members—growing at 7.9 per cent. That is what he said on ABC Radio on 13 April 2013: the economy was growing at 7.9 per cent. He has obviously been in China recently.

Mr Langbroek interjected.

Mr NICHOLLS: I thank the member for Surfers Paradise. China is not even growing at 7.9 per cent now. China would like to be there. Here are the irrefutable facts: in the last three years of Labor, economic growth averaged just 2.1 per cent. Economic growth over the next three years under the LNP is going to average four per cent.

Mr Pitt: You are cherry-picking figures.

Mr NICHOLLS: He says 'cherry-picking'. Here are the facts: the final state accounts—not prepared by me—report growth for 2012-13 of four per cent. Yes, we have predicted growth of 3.5 but we actually achieved four. That is not good enough for the member for Mulgrave. He needs to go back to a prediction we made a year ago. I would be happy to be wrong, as we were wrong last time, to have growth at four per cent a year.

Mr Pitt interjected.

Mr NICHOLLS: Every other state in Australia would love to have growth at four per cent. Here is the irrefutable fact: over the last three years of Labor, growth was 2.1 per cent a year; under the LNP growth will average four per cent a year. Here is another claim he made. He said retail turnover since the election has fallen. In both real and nominal terms retail turnover has risen around about five per cent since March 2012. Under Labor, by comparison, retail turnover either fell or was flat in two of the last three years of the Bligh-Fraser government. Two out of three flat or fell; under us in 18

months five per cent growth in both real and nominal terms, something the member for Mulgrave will not tell us.

Mr Pitt interjected.

Mr NICHOLLS: He also makes a claim in relation to taxes. I heard him make the claim in relation to taxes, and he makes it in his university prank in terms of his mythbusters—actually, it is a myth not a mythbuster—that we have raised taxes. What he fails to tell us is that under the previous Labor government tax per person almost doubled between 2001 and 2012. It went up from just over \$1,200 per person to over \$2,340 per person. There are the facts. They are the facts that are provided that show just how badly Labor mismanaged the state's finances.

Mr Pitt interjected.

Mr NICHOLLS: All he does is continue to carp, whine and whinge. We are yet to receive, after 20 months, an alternative plan. We heard him say on the ABC that just because the LNP government has a plan does not mean that he has to have an alternative. There it is, the lack of an alternative plan—the lack of a desire for an alternative plan. I think we can probably get closer next year in terms of the unforeseen expenditure because obviously the member for Mulgrave does not need the staff that he has because he does not need to have an alternative plan. Despite the fact that he has three people carrying him around emperor like, as the Premier said, fanning his brow, they are obviously not doing anything to deliver policy. So what are they going to do? I think the people of Queensland might genuinely ask the question what are those 22 members of staff, some of them moonlighting obviously at the University of Queensland, doing to provide an alternative policy platform? That is the great shame of what we see and hear today. There was not one question in relation to what the actual appropriations were. Here we are serving it up. There is the consolidated fund financial report. Here is the Appropriations Bill. Here is a day of debate. We could have a day of debate, we could have two days of debate over it. Have we had one question in relation to it? Was there one question in relation to the veracity of the accounts? Was there anyone saying that should not have been spent, that you haven't done the right thing? Was there any question about it?

Mr Pitt interjected.

Mr NICHOLLS: I hear the member for Mulgrave saying, 'We asked the question. We asked the question.' Mr Pitt, the member for Mulgrave, asks for something he never saw fit to deliver in his own government. He was a member of a government and a cabinet that for three years rolled in the previous year's unforeseen expenditure a year later and he complains, when we do give them the full details, that it is still not enough for him. I think I could invite the member for Mulgrave to come and sit in my office each and every day and get a full briefing from the Under Treasurer and it would still not be enough for him, he would want me to explain that to him as well.

Their opposition rings hollow. They have been caught out doing the wrong thing. This government is doing the right thing. We have reintroduced the practice, cancelled by the former Labor government and the prior Labor treasurer Andrew Fraser in 2008, of producing an appropriation bill that appropriately and in conformity with the Westminster tradition enables the parliament to scrutinise the expenditure authorised by the previous year's budget resolutions and under the control of the executive. Still the member for Mulgrave is unhappy. If there was one particular issue that shows that the ALP has heard everything and learned nothing it is the member for Mulgrave's response to the Appropriation Bill 2013.