




Speech By
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MATTER OF PUBLIC INTEREST

Budget

 **Mr PITT** (Mulgrave—ALP) (11.00 am): Today we will hear from the Treasurer his third budget of broken promises. His first budget of broken promises delivered cuts and sackings. His second budget of broken promises delivered tax hikes. The third budget of broken promises will pave the way for asset sales.

Ahead of this budget the Treasurer has used taxpayers' money to defend his broken election promises. The Treasurer has spent millions of taxpayers' dollars on the Strong Choices campaign to blatantly peddle mistruths and political propaganda, to defend his broken election promise to pay down debt, to deflect attention on his broken promise to lower the cost of living, to deflect attention on his broken election promise to lower unemployment and to deflect attention on his broken election promise to get Queensland's economy 'back on track'. It is not the type of taxpayer funded propaganda you would expect to see in a modern democratic system.

Despite the biased survey instrument, Queenslanders clearly said that they do not want their assets sold. But the Treasurer said, 'Thanks but no thanks'—and last weekend he said he will go ahead with what he now calls the 'smart choices'—or is that 'smartie pants choices'? To imply that he is smarter than the rest of the state shows how out of touch and arrogant this Treasurer really is.

On the eve of this third budget of broken promises, let us not forget that the LNP spent more than twice what Labor did on election commitments during the last election campaign. Labor's plan was for a measured return to surplus and a AAA rating—without \$4 billion in unfunded LNP promises—and without the need to then sack 20,000 workers and hike royalties which has driven up unemployment and slowed the economy. The LNP weakened economic growth in their first budget by cutting too hard and too fast. Then they increased taxes by \$1,000 per family in their second budget to make up for the fall in economic activity they had caused with their first budget.

In 2011-12 Queensland recorded growth in gross state product of 4.8 per cent, which then fell to 4.1 per cent last financial year. The domestic economy was hit much harder, slowing from 8.3 per cent in 2011-12 to 2.2 per cent in 2012-13, with household spending, private investment, dwelling investment and business investment all weaker. Over that same financial year, Queensland recorded its worst result for employment growth in more than two decades.

In the latest figures on growth in Queensland from the ABS, state final demand was contracting in the December quarter. Meanwhile the Premier and Treasurer have been boasting about how the economy is apparently 'back on track' under their watch. This complete disconnect with reality shows just how arrogant and out of touch they have become and they are not listening to Queenslanders. This government is not—not—managing the economy in the interests of working Queenslanders. The Treasurer wants people to concentrate on his misleading spin on debt because it is a convenient

distraction from the damage he has caused to the Queensland economy, as well as his broken election promises.

The only way to see past the fantasy land this arrogant Newman LNP government lives in is to look at the detail in the budget papers: to look at the estimated actual growth for this financial year and the growth forecast for the next financial year to see whether it has recovered to the growth of 4.8 per cent that they inherited from Labor; to look at the forecasts for business investment over the forward estimates to see if the LNP have any plan for the economy beyond an LNG export industry established by Labor; to look at the operating and fiscal deficit for 2013-14 to see whether they have narrowed from the respective \$2.5 billion and \$3.4 billion blow-outs on the projections under Labor—we already know that the fiscal deficit has blown out by more than \$1 billion on Labor's projections for next financial year; to look at taxation per person to see if taxes have gone up even further under the Newman government, after the Treasurer when in opposition said that taxes and charges were 'out of control'; and to look at debt to see if the LNP have any plan to lower gross debt below the \$62 billion figure as at the March 2012 election.

A plan to pay down the debt incurred by the Newman government in office cannot be described as paying down Labor's debt. This claim is simply dishonest. The LNP before the election said they would pay down debt and oppose asset sales. Now, after the election they are increasing debt and selling assets without any election mandate. Already we have seen \$11 billion in assets go out the door, including Queensland Motorways, office buildings, schools and TAFEs. We are now seeing larger deficits under the Newman government. To claim that these larger deficits are paying down debt is a complete nonsense.

Let us be clear about this: the Newman government wants to sell the people's assets to pay for their government's increase in debt and their election promises—not Labor's debt. The Treasurer is saying that we need to sell assets to pay down \$25 billion to \$30 billion on the debt of \$80 billion that he himself is racking up. The Treasurer points to Peter Costello as the reason for this target. Yet Peter Costello recommended his debt repayment target on the \$64 billion of debt that existed at the time of his report—not the LNP's \$80 billion of debt. The Treasurer told 4BC last week that an appropriate level of debt would be \$50 billion to \$55 billion.

What was the total debt level before the 2010 and 2011 natural disasters belted Queensland and following the \$9.2 billion in revenue that was wiped out from the GFC? Gross debt was \$51.6 billion. When the Treasurer inherited gross debt of \$62 billion he claimed that Queensland had a 'debt crisis'—and the Premier was hysterically raving about a 'power dive into the abyss'. But now, according to the Treasurer, total debt at \$55 billion would '... get us back into the AAA credit rating and then if we did have a natural disaster or a financial disaster we would be able to do something about it'.

The Treasurer now wants to sell \$25 billion to \$30 billion in assets because of his increase in debt—not Labor's. The Treasurer says that if this debt paydown is achieved it will lower interest costs by \$1.5 billion per year. What were the interest costs the Treasurer inherited from Labor? They were \$1.5 billion per year lower—before the Newman government's \$14.6 billion increase in debt. So the Treasurer is committing to lower interest costs to the level left by the previous Labor government. To say that this is paying down Labor's debt again is rubbish.

The Treasurer has also failed to consider the lost revenue streams to the state from selling government businesses—revenue streams that will not be available to retire debt. The interest savings achieved from the sale of the assets placed on the auction block by the LNP will be wiped out by the lost revenue from these businesses. The Treasurer has pathetically claimed that he was locked into the infrastructure projects planned by the previous government and that he was forced into raising this debt. He says that all debt is bad and that it is all Labor's but that the infrastructure funded by these borrowings is good and is the LNP's. The LNP is happy to deride the method by which these infrastructure was funded but shows up to take credit for the projects and cut the ribbon.

The Treasurer is all blame and no responsibility. After his first budget he said it marked a 'line in the sand'—but still he refuses to take any responsibility for anything. The worst part of the Treasurer's hypocrisy is that he is arguing for asset sales to pay down debt on the basis that there may be a financial disaster or a natural disaster. It was only last month that the Treasurer was making a disgraceful comparison between Queensland's response to debt and the 2010 and 2011 natural disasters—the same Treasurer who denied the impact of the GFC on Queensland's economy and who has talked down the financial impact of the 2010 and 2011 natural disasters ever since they occurred.

There is no recognition from this Treasurer that the previous government was on track to return to a AAA credit rating until the 2010 and 2011 natural disasters struck, despite having weathered the

global financial crisis. Before the natural disasters, ratings agency Standard & Poor's in June 2010 said, 'Although the rating remains on a "stable" outlook an upgrade may be possible ...' S&P were flagging an upgrade to a AAA rating under Labor prior to the natural disasters, but the Treasurer continues to deny this.

The Treasurer's blatant dishonesty on debt does not end here. Not only has the Treasurer increased debt, but his increase in debt has been concentrated in the general government sector. Unlike the debt held by government owned businesses, this debt is not self-sustaining, or paid for by charges for companies using our ports, for example. Under the Newman government, Queensland has gone from having the lowest general government net debt in the country at negative \$3.2 billion to having the third highest at \$9.2 billion. What is worse is that the Newman government has increased debt and deficit to pay for wasteful projects—like the \$2.6 billion in dead money for the Premier's new office tower, an office tower that taxpayers will not even own at the end of the day.

If the Treasurer is to meet the LNP's election commitments in this third budget of broken promises, he must deliver the plan he promised for lowering power prices by \$120 a year, instead of increasing prices by \$560. He must deliver the plan to deliver on the rest of his broken cost-of-living election promises, including on water and registration. He must actually reveal the plan he said he had to 'target the bad debt' without asset sales, including lowering debt below \$62 billion. Most importantly, he must deliver on his plan to lower unemployment and get the economy back on track after slowing the economy and leaving Queensland with 11,000 fewer full-time jobs.

This arrogant Newman LNP government still has no plan to deliver on these promises after more than two years in office. The only party in Queensland that has any policy or plan to support jobs and to manage the economy in the interests of working people is the Labor Party. The LNP promised no job cuts, lower electricity prices and no asset sales.

Government members interjected.

Mr PITT: I will say that again: the LNP promised no job cuts, lower electricity prices and no asset sales. Ever since we have had 20,000 sackings, electricity prices have skyrocketed and there have already been \$11 billion worth of asset sales. The next round of the Newman government's asset sales will simply be a recipe for more job cuts and even higher electricity prices. People should not believe the LNP when they say they are not privatising electricity. They are selling off profits, they are selling off board positions and they are selling off control. This is not what Queenslanders said in response to their Strong Choices campaign. Their response was clear, yet today we have seen tweets from the Strong Choices campaign congratulating Queenslanders on being part of a process where the Treasurer said, 'Thanks but no thanks.' The Newman government is keen on its three-strike policies. This afternoon when the Treasurer delivers his third budget of broken promises it could be a case of 'Three strikes and you're out'.