




Speech By
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**APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL; REVENUE
LEGISLATION AMENDMENT BILL**

 **Mr PITT** (Mulgrave—ALP) (2.41 pm): This is the Newman government's third budget of broken promises. At the outset, I note that this budget already has a \$223 million black hole thanks to the backflip on pensioner concessions only necessary because of the Premier's black heart in the first place. This is not a budget in the interests of working Queenslanders. It is a budget for the boardroom, not a budget for the battlers or Queensland families. It is a budget for the biggest asset sell-off in our state's history, not a budget for jobs. It is a budget that confirms the dismal economic and fiscal management of the Newman LNP government.

Ahead of the budget, the Treasurer has spent \$6 million of taxpayers' money on a political propaganda campaign to try to hoodwink Queenslanders into thinking that asset sales are a good idea. This campaign pretended to consult with Queenslanders about so-called strong choices, but the outcome was always predetermined. After the first stage of this political propaganda campaign, the Treasurer released a document entitled *The Strongest and Smartest Choice* in order to claim that asset sales are the only way. This is the height of arrogance from this Treasurer and the Newman LNP government. To go out and say that we want to hear from Queenslanders about their strong choices and then say to people that their choices were not smart enough is an insult.

There is a good reason why the Treasurer did not include this asset sales manifesto with the other budget papers: it was to hide them. But most of all the Treasurer really did not want anyone to look at the broken promises confirmed in these budget papers. There was the broken promise to lower electricity bills by \$120 a year—bills that are now set to rise by \$560 since the Newman government came to power; the promise that formed the basis of the Treasurer's last budget reply speech in opposition; the broken promise to lower water bills, with the peak price path now tracking higher than under the previous government; the broken promise on jobs to lower unemployment to four per cent over six years. In April, unemployment was above GFC levels at 6.3 per cent. There was the broken promise to lower the cost of living by \$250 to \$330 with hikes in electricity prices, water prices and registration. There was the broken promise to get Queensland's economy back on track, with the economy slowing and state final demand recording two consecutive quarters of contraction. And there was the broken promise that they had a plan to pay down debt without asset sales, with total gross debt now tracking towards \$82 billion.

Instead of admitting that they did not have all the answers before the election and that they have broken their promises, the Newman LNP government continues to bury their heads in the sand. They are in denial. The Newman government continues to pretend that unemployment has not increased and that the economy has not slowed under their watch. Such is the Treasurer's denial, he could not even mention the 6.3 per cent unemployment rate in his latest media statement on labour force figures. When this Newman LNP government was elected, Queensland's unemployment rate was 5.5 per cent. The budget papers now confirm that Treasury is not expecting unemployment to come back down to the level left by Labor until the 2016-17 financial year. This will leave the Premier

short on his four per cent unemployment rate promise over six years. The budget projects unemployment in 2017-18 of 5¼ per cent—well above the Premier's promised four per cent unemployment rate. What does the difference between a four per cent and a 5.25 per cent unemployment figure mean? We are talking about thousands and thousands of Queenslanders who will be left on the unemployment heap under this government. It is not good enough for this government to wipe their hands of Queenslanders who want to work, nor is it acceptable for the government to pretend that it had nothing to do with Queensland recording its worst employment growth in more than two decades in 2012-13 as it went about sacking 20,000 workers.

After more than two years, the Newman government still has no plan for jobs or for supporting employment. Instead of this government accepting that unemployment is a problem, instead of accepting that a rise in youth unemployment from 11.9 per cent at the election to 13.4 per cent in April is unacceptable, they just ignore that it is happening. Unlike Labor, this Newman LNP government has no plan to assist the unemployed and no plan to address the rising unemployment rate under their watch.

In contrast to the Newman LNP government, Labor has a policy and a plan to get Queenslanders back into work. Last year we launched our ready for work policy to target young school leavers and assist them in getting a job. Labor has committed to reinstate the funding for Skilling Queenslanders for Work, which supported 57,000 Queenslanders into work. The only party in this state that has a plan to support Queenslanders into jobs is the Labor Party, because unlike those opposite we actually value the dignity of work.

After more than two years in office, this Newman LNP government still has no plan for jobs—just as this government still has no plan for the economy. Yesterday the latest ABS national accounts data were released. These figures detailed that Queensland recorded a contraction of 0.8 per cent in state final demand in the March quarter 2014, following a contraction of 0.4 per cent in the December quarter. The Treasurer in September last year referred to state final demand to claim that Queensland was 'the powerhouse state of Australia'. The Treasurer cannot deny the significance of the latest figures which show that without LNG-driven export growth the domestic economy would be on the verge of recession.

In 2014-15 the economy is expected to grow at three per cent following growth of three per cent this financial year. This is slower growth than the four per cent economic growth the Newman LNP government inherited from Labor more than two years ago. The budget papers set out a contraction in business investment of 20 per cent, a contraction in private investment of 11.25 per cent and a contraction in state final demand of 1.25 per cent next financial year. These figures combined with a forecast average annual unemployment rate of six per cent paint a picture of a very weak domestic economy over the next year.

The Newman government has failed to present any substantive economic strategy. All we get are slogans about pillars, just like we heard before the election. In April last year the Treasurer said, 'The export phase of the projects currently under construction in Queensland will come online and balance out any slowdown in resources sector investment.' These budget papers, including the stark outlook for the domestic economy over the next year, clearly show that the Treasurer's 'do nothing and hope nobody notices' approach is the wrong approach.

The Labor opposition will have a very different approach. As outlined by the Leader of the Opposition, the only party with a policy and plan for the whole economy and for the high-tech jobs of the future is the Labor Party. Despite the stark outlook for the economy of the next year, the Premier as recently as February said, 'It is going to be a great year because my firm view is that it is a year it all comes together for Queensland.' We cannot just pretend that an economy that has slowed with higher unemployment is an economy that is 'back on track'. They are the same old slogans, but they do not reflect what is actually happening. You cannot claim that business investment in a 20 per cent freefall is somehow an improvement on the growth of 40.8 per cent in business investment inherited from Labor. You cannot just pretend that the latest NAB business survey does not rank Queensland last for business conditions. The Premier went on to say, 'We had to make a lot of difficult decisions, particularly in the first 12 months. But this year we are seeing the fruits of those difficult and tough decisions come together.' I am not sure what this arrogant and out-of-touch Premier is seeing, but it clearly is not what Queensland Treasury is seeing, what the ABS is seeing, what businesses are seeing or what working Queensland families are going through.

The damage done to the economy from the Newman government's mismanagement of the economy has not been without consequences for the state's financial position. The Treasurer in his first budget of broken promises cut too hard and too fast, hiking royalties at the worst possible time for the coal industry, slowing the economy and driving up unemployment in the process. This contributed

to lower revenue, which then led the Treasurer to increase taxes in his second budget of broken promises including a hike to the insurance levy and the emergency management fire and rescue levy, both of which have a direct impact on the cost of living for Queensland families.

Taxes have increased by \$1,320 per family of four under the Newman government. This is after the Treasurer in opposition declared that taxes and charges under Labor were 'out of control'. Now in his third budget of broken promises the Treasurer is claiming that he has to engage in the largest asset sell-off in Queensland's history. The 2014 budget papers confirm a blow-out in the fiscal deficit of \$1.9 billion compared with the previous Labor government's projections in 2013-14, and another \$1 billion blow-out compared with Labor projections in 2014-15. While there was some improvement in 2012-13, combined fiscal deficits as set out in the 2014 state budget have worsened by \$2.7 billion compared with the projections under the previous government. It is important to note here that in 2016-17 the budget would not even be in a fiscal surplus without both the \$600 million plus in petroleum royalties and the returns from the Gladstone Port from the LNG industry initiated by the former Labor government.

I refer to the fiscal position only because it is the position being reported in Queensland—unlike any other state or territory in Australia. But even on the Treasurer's preferred measure—which counts the sale of assets into the bottom line and presents the budget position as worse than it is—combined deficits are larger than under Labor. So if the fiscal deficits are larger, how can the Treasurer claim to be paying down debt without asset sales? Well, the Treasurer has already been selling assets without a mandate. Already \$11 billion in assets have been sold without a mandate, including schools, TAFEs, the ElectraNet business, Aurizon shares and the Queensland Motorways business. The Treasurer claims that the previous government must be responsible for their projection for peak gross debt of \$85 billion, yet the Treasurer is taking no responsibility for his peak gross debt projection of \$82 billion after selling \$11 billion in assets with no election mandate.

The Treasurer said after his first budget that it marked a 'line in the sand' and that the LNP would take 'full responsibility for the decisions we've made in this budget'. Back then state debt was \$62.7 billion, not \$80 billion. Two years on this government are still all blame and no responsibility. Premier and Treasurer, being a grown-up involves more than just talking about being grown up. It also requires you to grow up and take responsibility for being in government—like taking responsibility for having increased state debt by \$13.8 billion from \$62.4 billion to more than \$76 billion.

Those opposite are happy to take all the credit and cut the ribbons at projects funded by this spending but take no responsibility. The best example from this budget is the credit taken for funding the Sunshine Coast University Hospital while blaming Labor for the debt. A mature government would take responsibility for a blow-out in the operating deficit for this financial year of more than \$1 billion compared with the previous government. The operating position is the budget position referred to by every other state and territory in Australia. The Queensland Treasurer refers to the fiscal position so that he can rewrite history, so that he can pretend that Labor did not record surpluses in seven of its last 11 years in government. The years of deficit under Labor coincided with 9/11, the GFC and the two years following natural disasters. There is a chart on this in the QTC investor booklet the Treasurer shows overseas investors—but you will not see him explain it to Queenslanders.

The Treasurer called Labor's return to surplus in 2014-15 'phony'. Labor's return to surplus involved a turnaround from a smaller operating deficit of \$1.3 billion in 2013-14 than under the LNP. But of course the Treasurer stands behind his return to an operating surplus in 2014-15 from a larger operating deficit of \$2.3 billion in 2013-14.

To respond to the Treasurer's comments this morning, the pre-election MYFER prepared by Treasury showed Labor were on track for surplus in 2014-15—a year ahead of 2015-16. Again, while every other state and territory refers to an operating surplus, this Treasurer continues to talk down the finances by referring to a fiscal position to justify his asset sales agenda. However, as I have outlined the LNP have recorded larger fiscal deficits from 2012-13 to 2014-15 than projected under Labor. This means the Treasurer's only plan for debt repayment all along has been asset sales.

Before the election, the LNP's economic blueprint failed to outline any plan for debt repayment beyond a statement that they would target 'the bad debt' and that they had a 'plan for a plan'—that and a 'non-independent politically motivated, made to order' Commission of Audit. For all the Premier and Treasurer's bluster demanding to see Labor's plan, that is all the LNP took to voters at the 2012 state election. I can assure Queenslanders that Labor will do better than that. We will be releasing a comprehensive fiscal and economic strategy ahead of the election. We will not hide our plan from voters like the Newman LNP government has done by outsourcing it to LNP life member Peter Costello, who was hosting LNP cash-for-access dinners before the election.

There are a few insights I can provide to the House about our fiscal policy here today. Labor's policy will not involve asset sales. We will not undermine the long-term structural position of the budget by flogging off our state's top income-earning assets. In total, our state's GOCs deliver a return of more than \$2 billion per year after servicing the \$32 billion in debt they hold. The Treasurer is spending more than \$11 million of taxpayers' money to convince Queenslanders that this is 'bad debt'. But debt that earns taxpayers a return or shares the cost of infrastructure over the life of an asset is not 'bad debt'. Of the dividends from government businesses, over two-thirds come from our state's electricity network. In total, Queensland's electricity assets are forecast to return more than \$1.5 billion this coming year to taxpayers. On today's figures, over the next decade that would mean a return of \$15 billion. To sell the long-term revenue streams of electricity network businesses to the private sector, along with the management as planned by the LNP, will only substantially weaken the state's structural position over the longer term—just like selling off the \$26 million return from the Townsville Port or the \$88 million return from the Port of Gladstone. These returns will only grow in future years, especially in Gladstone with LNG exports.

The LNP's electricity network privatisation will involve the sale of future revenue streams in order to deliver a one-off sugar hit. The Treasurer knows this, and we know this is not his preferred option. He knows that this is an attempt at a political solution which will only damage the state budget over the long term. It is not a fiscal solution. The financial impact on the state will also flow through to an impact on jobs and on electricity prices for consumers—consumers already struggling with electricity prices that are set to rise by more than 50 per cent under the Newman government. This is an attempt at a political solution that ultimately fails.

The Premier's words were clear in April 2013 when he said that 'we decided to not consider divestment of Energex, Ergon or Powerlink'. For the Premier's benefit, the Oxford English dictionary definition of 'divestment' is 'the action or process of selling off subsidiary business interests or investments'. Premier, selling the profits of a business, selling the management of a business and selling the debt of a business is divestment—just another word for privatisation. No matter what squirming or spinning this Premier does, he has broken his promise. The Treasurer has already admitted that his asset-sale, pork-barrelling approach will not return Queensland to a AAA credit rating. This was after the Treasurer said last week that lowering debt to \$55 billion would return Queensland to a AAA rating. So that has obviously changed within the space of a week.

The Treasurer has committed to lower overall gross debt to \$7 billion less than the \$62 billion left by the previous government. This is expected to occur through a program of mass sell-offs over six years and after more than two years in office. This approach puts a sword to the Treasurer's claims in 2012 of a 'debt crisis' and the Premier's hysteria over a 'power dive into the abyss'. Their so-called budget crisis—just like that of the LNP federally—has been shown to be a concocted crisis to justify a political agenda of cutting, sacking and selling.

While the Treasurer wants you to focus on the total gross debt figure, his counterparts in New South Wales, Western Australia and Victoria all refer to the general government net debt position in their budget speeches. Of course there was no mention of general government net debt from the Treasurer. That is because general government net debt is going from the lowest in the nation at negative \$3.2 billion under Labor to a projected \$10.94 billion in 2014-15 under the Newman government. Unlike the debt of government owned businesses, this debt is not self-sustaining.

I can detail today that Labor's fiscal policy will be targeted at lowering general government net debt—just as the Treasurers of New South Wales, Victoria and Western Australia target debt that is not self-sustaining. We will not take a short-term politically driven approach of targeting debt that is held by government owned businesses—debt that is both self-sustaining and delivers a return to taxpayers.

As flagged by the opposition Leader, Labor will commit to a new statutory authority called 'Building Queensland'. The best way Queensland can provide strong growth and a strong financial position is through growing the economy and well-targeted and efficiently delivered infrastructure. A mass sell-off of state assets for a short-term cash gain will only cause long-term financial pain. Queensland needs to be investing in the infrastructure that will improve our national and international competitiveness. Investors in Queensland's bonds want to see evidence that the projects being prioritised and funded will deliver a productivity and value return to the state. A Labor government will create a new independent statutory authority called 'Building Queensland'. This entity will be free from political interference and will be charged with formulating a priority list of infrastructure projects for the state in consultation with the community. While the Premier has been focused on his new office tower, the Deputy Governor of the RBA has been calling for investment in transport infrastructure to boost

productivity. The LNP has made its infrastructure decisions based on politics instead of good planning and evidence.

If an independent Building Queensland had been permitted to do a cost-benefit analysis, the 1 William Street project would never have proceeded. It will end up costing taxpayers \$2.6 billion in dead money for a tower that Queenslanders will not even own. The policy guidelines for Building Queensland will require that a cost-benefit analysis and assessment of value for money take place prior to any project approval and that this assessment be released for public consultation. Building Queensland will be funded on a fee-for-service basis with departments and is expected to deliver whole-of-government savings by lowering external consultancies. A Labor government will make its decisions based on the independent recommendations from Building Queensland to ensure that projects that deliver the most benefits and that are the best value for money are funded first. If a project does not stack up under Labor, it will not proceed and the cost-benefit analysis will not be hidden from public scrutiny.

In the limited time I have remaining, I would like to very briefly outline what this budget means for Far North Queensland. In the Cairns region, infrastructure funding will be \$295 million less than the previous year. This will have a significant impact on the local economy, where youth unemployment has nearly doubled from 11 per cent in March 2012 to 21.8 per cent in April 2014. The budget also fails to reinstate the funding for the Cairns Special School that was removed or to secure the hospital land at Edmonton reserved for the next hospital in Cairns.

To conclude, Queenslanders will have a clear choice at the next election. The LNP will govern for asset sales and a higher cost of living. Labor will govern with a measured approach to strengthening the state's finances. The LNP think the way to manage the economy and the state's finances is to put an end to the concept of a fair go and to cut, slash and sell.

In the Labor movement we understand that the strength of our state is in our people, that providing people with a fair go underpins our economic and financial strength. Labor will be a government for all Queenslanders with a vision for a strong economy with full employment and higher living standards. The LNP will govern for those who can afford to pay. Labor will govern for growth and for all Queenslanders.

At the end of my contribution today I want to very quickly say that this government has had two years to get things back on track in this state. They have not done it. This is their third budget. When will they own their decisions? I leave that question to the House to answer because I doubt any of those opposite will be able to answer it.