




Speech By
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MEMBER FOR MOUNT ISA

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APPROPRIATION (PARLIAMENT) BILL (NO. 2); APPROPRIATION BILL (NO. 2)

 **Mr KATTER** (Mount Isa—KAP) (5.13 pm): I rise to make a contribution to the debate on the appropriation bill. The government is intent on reducing the deficit. So today we seem to be discussing a \$441 million supplementary appropriation for unforeseen expenditure. I have no great problem with the appropriation, but I have a problem with the way money is being spent and the attitude that is taken towards our economy. I speak mostly about the obsession of achieving a fiscal balance to what I would say in many cases is to the detriment of industry policy and employment.

I also have a big problem with the way the budget is sold to the Queensland public. Because of its obsession with achieving a fiscal balance, this government has taken a very one-dimensional attitude towards the decision that is offered to the people of Queensland. They are told that, in order to get the debt down, we can either sell assets or raise taxes. There are other pathways and I think most people would be aware of them. Having that one-dimensional attitude of offering options that are palatable to the public in order to try to sell their program to the public is, I would say, at best misleading. I would say that mischievous is probably the more accurate word.

Governing the state and its economy is far more complex. Achieving fiscal parity should be conducted on a much more longer term basis and there should be a more qualitative assessment made in the decision-making process. The discussion needs to start with where the money is spent and is it being spent appropriately. The big financial commitment that I have heard made—whether money has changed hands yet or not—since I have been here is for a new office building that is going to provide a stimulus to the economy. There are jobs there for three years, but that building is not something that is going to deliver long-term growth to Queensland. Bridges, dams, irrigation schemes and transmission lines are the sorts of things that we should be spending money on. The problem is that there are no votes in those areas where that infrastructure needs to be built. Very rarely do such projects come about from either side of politics. As long as this debate is puerile and revolves around achieving a fiscal balance, I think that Queensland will always lose out. The pathway to a fiscal balance in the long term will be made by generating jobs and industry.

At the moment, blind Freddy could see that people in industry or other people in our electorates are doing it tough. Regardless of how we got into this tough position, the only way we can get out of it is through debt funding infrastructure. These are not my words; many eminent economists are saying that the conversation should not start with, 'How do we immediately resolve this fiscal balance?'; it should start with, 'How do we get industry and jobs going to kick-start the economy?' That means that the discussion needs to start with what infrastructure we are building. If we are talking about a sports stadium in Townsville and an office building in Brisbane and another tunnel in Brisbane, I do not think that that is the correct use of money. I do not think that that is the best way to stimulate or rejig our Queensland economy. That is where the discussion needs to start. We need to stop having this one-dimensional debate about getting the debt down by raising taxes or selling assets. I think that is a really poor outcome for the people of Queensland.

Since taking office in 2012, the government has added an additional \$20 billion to gross state debt. That path may very well have been set before the government took office. But the unemployment rate has risen from 5.5 per cent in 2011-12 to six per cent in 2013-14. That does not indicate that we are spending the money in the right places. The focus should be on building roads and bridges in places where we can create those jobs and get industries investing.

Mr Knuth interjected.

Mr DEPUTY SPEAKER (Mr Ruthenberg): Order! Member for Dalrymple, I cannot hear your own party member. Please cease.

Mr KATTER: Mr Deputy Speaker, it is hard to hear with the conversations going both ways. I appreciate that. There is precedent for the position that we are in right now. The other day I was interested to read an article about Robert Menzies, the father of the Liberal Party, whom many would say was a great leader. I would agree that he did some great things for this country. If we want to argue about achieving a fiscal balance, by most people's assessment between 1958 and 1959 and then between 1966 and 1967 then Prime Minister Robert Menzies would have been one of the worst Prime Ministers or managers of the economy we have ever had. At that time he ran deficits of 1.8 per cent of GDP. In his final year in office his biggest deficit of 3.3 per cent was larger than the deficit left by Wayne Swan. But Robert Menzies did that because he was nation building. He was happy to put the country into debt to build. He had the confidence that the money was going to assets and infrastructure that were nation building. Many would argue that Robert Menzies had a great political mind. But by our standards today and by the level of debate that we hear in the mainstream media and in here, he would be judged very harshly because we do not have nation-building projects anymore.

The other proposition I put to members is that if we are not focusing on industry policy and jobs first and we are prioritising fiscal balance all the time, we could be standing with our hands on our hips in three or four years proud of ourselves because we have delivered a surplus with the smouldering ruins of the economy in the background with no jobs or industry. There must be more focus put on the economy first and worry about the debt later. I say unequivocally that mainstream commentators in the debate we are hearing in the media need a change in attitude. We should not be afraid to use public debt to fund growth and we should not be afraid of debt as long as it is spent on the right assets and the right infrastructure. It will deliver a surplus in the long term.

One of the best examples of that is the rural industry where at the moment across agriculture in Australia rural debt is the lead weight that is dragging everything. There are some great cost effective initiatives that address that situation but they are not being grasped by governments of either political persuasion. One of those has been the much discussed Australian Reconstruction Development Board that has the ability to stimulate industry and keep those jobs going in agriculture but for some reason it is failing to get support at the upper level.

There are many devices and mechanisms available to rejig our economy. We all have to agree that it is very tough at the moment. I think it is very naive to suggest otherwise. We should not be afraid of using government debt to fund infrastructure. We should not be afraid of debt. We should be selecting the right projects to spend this money on. It should not all be spent in the south-east corner. There should be some very deliberate spends in the far western and far northern regions and those areas that will continue to deliver industry and jobs to this state and be the primary drivers of our economy.