




Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

Record of Proceedings, 18 March 2014

MINISTERIAL STATEMENT

Economic and Fiscal Challenges

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (9.44 am): Since we last gathered in this House, Queenslanders have paid out another \$129 million in interest payments on the \$80 billion legacy of debt that the government inherited from those opposite. This is money we cannot direct to the job-creating infrastructure projects Queensland needs, nor can we put these funds into improving the services government provides. This government is focused on ensuring we can deliver the services and infrastructure Queensland needs not just today but in future years as our state grows.

As the final report of the Commission of Audit counselled, we need to prepare for the economic and fiscal challenges we will face in coming decades. We are on the cusp of strong economic growth, with the most recent state accounts showing annual growth of 4.1 per cent compared to 1.9 per cent for the rest of Australia. But our ageing population and the consequent effects on the demand for services, the make-up of Queensland's workforce and the capacity of government to raise revenue all present significant challenges. These challenges are clearly demonstrated in a report prepared by Queensland Treasury which outlines projections for Queensland's economic growth and the state budget for the period 2017-18 to 2022-23. I table a copy of *Economic and fiscal challenges* prepared by the independent officers of Queensland Treasury.

Tabled paper: Queensland Treasury and Trade: Economic and Fiscal Challenges—Interim Results of Medium Term Modelling, March 2014 [\[4663\]](#).

The projections in this report show Queensland's economy should continue to grow faster than the national average. However, they also highlight the impacts of those structural changes that I mentioned and that they will come with an ageing population. Growth in expenditure will substantially outpace revenue growth. The result is that even with careful financial management if we make no policy changes the Queensland budget would return to deficit possibly as early as 2017-18. The projections take into account spending to which the government has already committed such as the National Disability Insurance Scheme and the 2018 Commonwealth Games. With no change in our policy settings, Queenslanders could have a debt of \$121 billion or more than \$21,000 per person by 2022-23.

These medium-term projections show us yet again that we will have to make careful choices about the state's financial future. Economic growth alone, whilst important, will not provide the revenue government will need in order to meet the expectations of Queenslanders for facilities and services. I remain committed to an open dialogue with Queenslanders about the choices before us.

Next week I will be travelling to Townsville, Bundaberg and Gladstone to continue my discussions with community leaders. I will be writing to the leaders of trade unions in Queensland today inviting them to a round table discussion on 7 April about the choices they and we will need to make as we confront the debt and deficit issues that we face. I look forward to further constructive and productive discussions as all Queenslanders have their say on how we should tackle debt and secure our financial future.