




Speech By  
**Hon. Tim Nicholls**

**MEMBER FOR CLAYFIELD**

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Record of Proceedings, 15 October 2014

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

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (5.21 pm), in reply: Where to begin? What a cornucopia of comments we have had from members this afternoon. I thank all members for their contribution to the debate. I particularly single out those members of the government who have taken advantage of the committee process, who have read through the report and understand what it means to be fiscally responsible, what it means to be able to manage your budget appropriately, to pay your expenses as and when they fall due, to put money aside to pay down debt and to save for a rainy day.

I want to acknowledge the comments made by the member for Mulgrave. He has a view and has put that forward. I was particularly grateful for the member for Mulgrave's comments when I had to listen to the member for Gaven because compared to the insanity from the member for Gaven the member for Mulgrave's comments were at least in the realm of accounting standards and some sort of understanding of financial figures. To listen to the member for Gaven is to enter the realms of tin hats and fantasy that rarely are seen in public finances. To listen to the conspiracy theories was something beyond belief.

Let me just deal with the contribution from the member for Gaven. He had a number of theories. He thought, for example—and he tried this during the estimates committee—that in some way, shape or form the under-treasurer of the state of Queensland was not able to present figures and numbers in a way that was acceptable and showed we knew what we were spending our money on. This is despite the fact that these figures are presented in accordance with the Australian accounting standards for government bodies; this is despite the fact that the figures were presented in accordance with the uniform presentation framework agreed amongst all the states and the federal government; this is despite the fact that those figures have been presented in exactly the same way for many, many, many, many years—since those standards were in fact agreed upon; and this was despite the fact that all of these figures are signed off by the independent Auditor-General as being a true and correct representation of the state's finances, including the Consolidated Fund Financial Report which I tabled in the House. Where the member for Gaven comes from in terms of his comments is somewhere I think only the member for Gaven can understand and explain because it is not explainable by reference to anything else known to mortal man.

He also is, of course, highly contradictory. This time around he repeats some of the claims that he made during the budget debate, but, in fact, in 2012 he said—

In Queensland, we are net borrowers and we are at the mercy of our lenders.

He did understand back then. Perhaps he got a fair bit of guidance from the party room he was a member of in relation to the fact that too much debt was bad and we were at the mercy of our lenders. He said—

This 2012-13 Queensland state budget was probably the budget we had to have but arguably did not deserve. I say this because, in a modern world, money is scarce, it has no borders and it usually finds a home where it is more likely to give a guarantee of a return of both interest and security of principal.

He also said—

We had to have this budget because the Bligh and Beattie Labor governments just squandered every new opportunity, looted every GOC and then finally borrowed, in far too high proportion, just to pay for recurrent expenditure with limited capital expenditure averaged over their 14 years. Labor failed the public and trust in them evaporated. Therefore, this budget was a test of LNP nerve to do what the public demanded.

He also said—

The Treasurer and Premier have every right to blame Labor for the need to retrench staff and cut programs because their job is to restore confidence.

There are a number of other comments, but I also want to deal with the comments that he made in relation to racing. He seemed to think there was some great conspiracy and that the racing industry had been hard done by. I am actually glad to be able to respond to his comments because it gives me an opportunity to again point out the tremendous deal that was achieved by Racing Queensland, the independent body, together with assistance from the Minister for National Parks, Recreation, Sport and Racing and with some assistance from Projects Queensland, to put the industry on a sustainable footing.

We now have a new 30-year wagering agreement, which, as I said, is similar to those exclusive agreements that are in place in New South Wales and Victoria. It will provide \$850 million in revenue over the next 30 years. That is in addition to the revenue the industry currently receives under existing arrangements and revenue from race information fees of approximately \$160 million a year. Of that \$160 million, Racing Queensland has earmarked \$97 million for infrastructure development and \$5 million over five years for country and regional racing.

If there was one story that we heard about racing under Labor it was its total and utter disregard for country and regional racing. Not only have we put extra prize money into country and regional racing, not only have we used part of the \$110 million racing capital fund to support tracks down at Beaudesert and other tracks around the state, but we have also now secured an additional \$5 million to go into regional racing. We have a clear agreement from Tatts to invest more than \$74 million by increasing marketing activities and retail offerings—so promoting strength and confidence in the industry—and we also have here now a world-leading gaming product operator based at Newstead, providing jobs, writing the software, writing the code, operating here in Queensland and paying payroll tax and all the other things that go with that sort of employment.

Globally Tatts supports 300,000 jobs, 11,350 here in Queensland. There is much more to the deal, but most of it was included in the media release that was offered by the Minister for National Parks, Recreation, Sport and Racing, myself and the chair of Racing Queensland.

The member for Gaven referred to some research that was undertaken by Citibank. He seemed to be quoting from a Mr Peter Cameron, sometime journalist and columnist formerly with the *Gold Coast Bulletin* and now with, I think, the *Sunday Mail*. Of course, what he failed to understand is that in the week that TattsBett's share price increased, Tatts had been successful in a Victorian court action in the sum of some \$500 million. If you do not think a \$500 million court victory is going to have any effect on your share price, you should not be in the business. Quite clearly, Mr Cameron has not had all of the facts at his disposal and the member for Gaven, despite his obvious in-depth research of the pages of the *Sunday Mail*, has failed to understand that aspect of it, as well.

What did Peter V'landys, the CEO of Racing New South Wales, say? He said that the deal was great for racing and a platform for the future. The member for Gaven spoke about the industry in terms of the breeding of thoroughbreds. What did Basil Nolan, the president of Thoroughbred Breeders Queensland, say? He was fulsome in his praise of the deal because it provided additional funding to support the QTIS scheme in Queensland that sees Queensland bred, owned and raced racehorses eligible for increasing prize money across-the-board. Therefore, we can safely dismiss the comments of the member for Gaven for the ravings that they were.

The member made some other comments, as the member for Mermaid Beach advises me. For example, he mentioned Mr Barry Taylor, who resigned from the board of Racing Queensland. Many stories and some information were provided around the reasons for that resignation. That will be for Mr Taylor to disclose. In fact, he did not come from Toowoomba; he came from Townsville. That shows the level of accuracy of the contribution of the member for Gaven. He needs to do more than research on Google.

Some members made a number of comments about advertising and the advertising spend. The advertising by this government has been positively frugal compared to that of the former government. We came to office with a clear commitment to reduce the spend on advertising by 20 per cent compared to that of the previous administration. We also made commitments to reduce other expenditure on communications and travel. I point out the figures: under the LNP government, the departments spent \$49.09 million on advertising placement in their first 26 months—that is, April to May 2014. The previous Labor administration spent \$81.78 million in the first 26 months of its last parliamentary term. That is a 40 per cent reduction over the spending by Labor. Now we annually proactively release independently audited advertising placement expenditure by departments under a publication scheme on the Premier's website. Therefore, one can see that the claims by those who think that advertising by this government has gone up are completely and utterly false when compared to the previous government's expenditure.

Many claims were made by the member for Mulgrave in relation to the appointment of advisers. In relation to that I can advise that all appointments of advisers were undertaken under strict probity conditions. They were undertaken by the officers of QTC. Firstly I announced that we would be seeking advisers and then I announced the appointment of advisers, with no secrecy whatsoever. We have been forthright, we have been upfront and we have provided information, both on the scoping studies and the appointment of advisers.

When those opposite produced their myths and facts brochure when they engaged on their asset sales program—and theirs was a sales program, as the member for Mulgrave so furiously admits—they did not tell anyone how much they were spending on those programs nor that they were going to appoint Bernie Fraser as their go-to man for the union movement, which they tried to pacify by sending him around the place. In a panicked way, they had to find someone who would be their front person to speak to the union movement. They put Mr Bernie Fraser on for—I am not sure—12, 14 or 18 months to try to sell the then Labor government's undisclosed, without a mandate, rushed, panicked fire sale of assets.

By comparison, what are we doing? We are doing exactly what we said we would do. We said we would not go down the path of asset transactions without first taking it to the people of Queensland. We said we needed a mature debate about how we pay down the debt. We said there will be pros and cons with this. We spent six months talking to Queenslanders. I travelled almost 20,000 kilometres. We held more than 30 public meetings, town hall meetings and community leaders' meetings. We had 55,000 people engaged via the internet on the People's Budget tool—that is, 55,000 people spent an average of more than 20 minutes completing that. There were more than 250,000 individual page visits to that site, together with paper and written submissions. Then we released a draft plan and we spoke to the people of Queensland about that. They came back to us and said, 'Yes, we want you to reduce debt. We understand that too much debt is bad for the state. As anyone with a household mortgage understands, we understand that you can only borrow so much and you can only max out the credit card so much before you have to start paying down the debt. We want you to pay down the debt; it is the responsible, sensible thing to do.' They said, 'We don't want you to increase taxes,' and we did not. In our last budget, there were no new taxes and no increase in taxes.

Let us compare that with the last three years of the former government. The member for Mulgrave was proud of the fact that he increased fees, taxes and charges. In his Mythbusters, he said—

Already we have:

- raised land tax and stamp duty at the top end
- increased taxes on casinos and introduced new liquor licensing fees—to help meet the costs of alcohol abuse
- increased coal royalties
- increased motor vehicle stamp duty and we have recently introduced a rise to car registration.

Then he said—

The only substantial tax that could be increased is payroll tax and this is not good policy at a time of rising unemployment.

Will the member for Mulgrave give an iron-clad guarantee to the people of Queensland that he will not raise payroll tax? Will he give that iron-clad guarantee that he will not raise payroll tax at the next election? That is what I would like to hear from the member for Mulgrave. We have increased the threshold for payroll tax, saving about 4,000 businesses from the need to actually pay payroll tax. What else have we done? We have reduced the reporting requirements for them. All that small- and medium-sized enterprises have to do is lodge a return twice a year. We have saved them time and

money, and paperwork on the way through. Will the member for Mulgrave give an iron-clad guarantee? I ask this because the member for Mulgrave has said on radio—in his own words—that he needs to look at the revenue side of the equation.

The person from whom the member for Mulgrave appears to be taking his economic advice is Professor Quiggin from the University of Queensland. What has Professor Quiggin said? Firstly, when talking about electricity businesses, Professor Quiggin says, 'Well, because these are regulated businesses, ownership is not going to make much difference to the price.' You will never hear the member for Mulgrave say that, but that is what Professor Quiggin says. He then says, 'If we want to continue services and grow those services, we should not sell these businesses; we should increase taxes and charges. That is the only way you can do it.' Professor Quiggin's solution is increasing taxes and charges, and to see that one needs only read the comments and reports that he has made in relation to it.

Then we have Mr Battams, the President of the Queensland Council of Unions, who suggests that all we need to do is raise the level of taxes in Queensland to match those in New South Wales and all our problems will be solved, which proves two of my points. The first is that Queensland is still a low-tax state, because Mr Battams, of course, says we have to raise our taxes to the level of New South Wales, which must mean that we are below its rate. It also proves my point that the economic advice being taken by the member for Mulgrave is that of the union leaders who control 50 per cent of the votes when it comes to the leadership of the parliamentary ALP—that is, 50 per cent of the votes when they go through there.

I note a report—and I am yet to have it confirmed; perhaps the member for Mulgrave will do that—that he has actually swapped sides and bailed on his mates in the AWU and gone to some other faction. How many can there be? There are only nine members. Which faction is it in this week—is it the left faction, is it right faction, is it the AWU, is it Labor Unity, is it the Old Guard, is it the new guard, is it the mudguard? Who knows what it is likely to be. Who knows what internal ructions are going on in the microbus of the ALP.

Remember that after the 2012 election the member for Mulgrave wanted to have a crack as leader. He put his name forward. He was going to be one of the contenders for leader. After the 2012 election he was seriously considering it. I think the three members in the AWU faction said, 'We will have the current Leader of the Opposition.'

Then we had the member for South Brisbane come in. That added a new dimension to the toxic mix of the Labor factional operations. What did we see happen at the state conference? We saw the guy who was here but got turfed and who is now going to be the candidate for Woodridge say, 'The unions have too much influence.' Then we had the member for Bundamba who said they did not have enough and she thought it was all about self-interest. We had the member for Bundamba complaining about someone talking about self-interest. There you go! So we had the former member for Greenslopes, the soon to be candidate for Woodridge—

**Mr PITT:** I rise to a point of order.

**Mr DEPUTY SPEAKER** (Mr Ruthenberg): Order! Just a second, Treasurer. What is your point of order?

**Mr PITT:** Under standing order 139 I ask you to consider relevance. It pains me to get to my feet because I do believe that these are certainly matters that are important in terms of vigorous debate in this House, but I ask you to rule on relevance.

**Mr DEPUTY SPEAKER:** Treasurer, I have been listening carefully. I would ask you to draw back to the bill.

**Mr NICHOLLS:** Perhaps another time, Mr Deputy Speaker. I think this is a field worthy of further investigation and endeavour. I am fairly sure that there will be more to come.

I turn back to the appropriation bills. Let me answer some of the issues that were raised. If I recall correctly, I was talking about the mythbusters, the assets myths and sales program and the increase in fees, taxes and charges that were the hallmark of the shadow Treasurer's time in government—his proud record of increasing fees, taxes and charge. As the member for Indooroopilly, the transport minister, said, we had the highest car registration fees in Australia under the former government. That is something that I am sure all Queenslanders will remember.

What does the most recent ratings report from Standard & Poor's say? This report is from 10 October 2014. Let us put aside the arguments and the debate backwards and forwards—the member for Mount Isa wanted to have a sensible debate—and see what Standard & Poor's said. It stated—

Queensland's economy is very strong compared to its global peers', and supports the ratings on the state. Its nominal Gross State Product ... per capita of about A\$62,000 ... at June 2013 is high by international standards, and reflects the state's wealthy and relatively diverse economy.

...

We consider Queensland's financial management to be strong, supporting the state's creditworthiness ... In our view, the state's prudent approach to debt management, as well as the development of medium- and long-term fiscal and economic strategies, demonstrates its financial strength. We view the state's revenue and expenditure management to be strong ...

Then under the heading 'Outlook' what does it say? It states—

The stable outlook reflects our expectation that the state's financial management will remain strong, in particular its expense management, which we expect to lead to operating surpluses in its forecast years. Elevated capital expenditure levels, driven in part by natural disaster reconstruction activity—

and I will address that issue—

will continue to contribute to after-capital account deficits, but continued expenditure management is expected to lead to a stabilisation of its high debt burden through the end of the forecast period.

The people who stand independent of the state, the people whose ratings other people listen to, the experts when it comes to measuring these metrics, the people who took away the AAA rating under Labor in 2009 now say that the state is soundly managed and its financial management is strong. We have a prudent approach to debt management. We have developed medium- and long-term fiscal and economic strategies that demonstrate financial strength. Their expectation is that the state's financial management will remain strong, in particular its expense management.

What did we see under Labor when it came to expense management? We saw a decade of expenses increasing. From 2001 through to 2011-12 we saw a decade of expenses increasing at nine per cent. At a time when Queensland was experiencing its strongest terms of trade growth, at a time when we were getting the best prices ever and the best volumes ever for coal exports, at a time when property transfer duties were going up, at a time when land tax went over a billion dollars and at a time when we were earning those rivers of gold, what did Labor do? They poured it out the door faster than it was coming in.

That is why in 2013-14 we achieved a very good expenses growth rate, as set out in the budget papers. We have done what Labor was unable to do because they kowtow to the union movement on each and every occasion. We were able to bring our expenses under control and divert our funds to the delivery of front-line services.

There are a couple of other things that were raised in relation to unforeseen expenditure. I think a couple of people perhaps did not quite understand the points I made in my second reading speech. I think particularly the members for Mount Isa, Charters Towers, Gladstone and Gaven—what exalted company—all said that we are spending an extra \$2.35 billion in unforeseen expenditure. In fact, the total supplementary appropriation is \$447.6 million. But that is only for the departments that went over their budgets. There are other departments that spent under their budgets. So, in fact, as I said in my second reading speech, the total appropriations—that is, the total budgeted outlays—in 2013-14 were actually less than those that were approved. So they were approved at an amount and we actually spent at a lower amount. We actually spent less than was budgeted.

**Mr Pitt** interjected.

**Mr DEPUTY SPEAKER:** Member for Mulgrave, he is not attacking you at this point in time.

**Mr Pitt:** I was not suggesting he was, Mr Deputy Speaker.

**Mr DEPUTY SPEAKER:** I would appreciate just a slightly lower tone, thank you. I call the Treasurer.

**Mr NICHOLLS:** I am happy to, if you want. What I need to perhaps explain to members is that some departments spend more and some departments spend less. The total of 2013-14 expenditure reported on is actually less than was budgeted for because of tight financial management and prudent financial management. There was expenses growth of only 2.2 per cent. Let me make that abundantly clear.

The member for Gladstone raised a number of questions about lapsed funding. If I read the transcript correctly, both the Deputy Under Treasurer and the Assistant Treasurer explained how lapsed funding goes. Let me do it one more time. Where the total amount appropriated by annual appropriation at budget is not paid to a department within the financial year, the unpaid amount lapses. The Consolidated Fund Financial Report is prepared on a cash basis of accounting for transactions made in a single financial year. So if funding is deferred into a subsequent year it lapses

and comes back the next year. There might be any one of a variety of reasons for that occurring. A project might not be ready to go. There may be a weather event. A supplier may not be available. A contractor may not be prepared to go. There may be any one of a myriad reasons funding needs to lapse.

What we do, as agreed and as signed off by the Auditor-General, is we net out the lapses and all of those sorts of things and we come up then with a final figure, and that is what has occurred. So the Consolidated Fund Financial Report shows lapsed appropriation of \$2.35 billion, as I said in my second reading speech, representing five per cent of total appropriation for the year. There are a number of other areas where there have been some overs and unders, and they are subject to timing.

I think I have dealt with most of the issues that were raised by members during the discussion we had. In the short time left I do just want to thank the officers of Queensland Treasury and Trade for their work, their diligence, their dedication, their time spent in preparing these documents and also the budget documents, and their time spent with the committee answering the questions and providing fulsome answers—as I say, the independent officers of Treasury providing fulsome answers in a process that only four years ago was nobbled by the then Labor government, who brought their final appropriation batch in the following year's budget, therefore giving a two-year hiatus for the examination of questions.

I welcome the opportunity to answer questions here and to debate this legislation. I just want to indicate, as I said earlier, that I intend moving an amendment to the bill during consideration in detail which makes necessary amendments to the Wagering Act 1998 to extend the retail exclusivity associated with TattsBet sport and race wagering licences for a further 30 years from 1 July 2014. The extension relates to an in principle agreement between Tatts Group, Racing Queensland and the state for a new funding package for the racing industry post 30 June 2014. The funding package will help to secure a much stronger and more sustainable future for Queensland's racing industry.