




Speech By
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MEMBER FOR GLASS HOUSE

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APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL

 **Mr POWELL** (Glass House—LNP) (4.35 pm): Let the people of Queensland and the people of Glass House be in no doubt: the Australian Labor Party cannot be trusted because the Australian Labor Party does not tell the truth. Whilst the LNP took to the election a fully costed and funded plan for paying down debt and investing in much needed infrastructure, such as the Bruce Highway and the north coast rail duplication, the ALP said that it would pay down debt by merging the electricity companies. The other key plank of Labor's so-called pre-election debt action plan was to quarantine two-thirds of the dividends from the state owned electricity companies and funnel them into a debt reduction trust.

Again, the LNP opposition has for months been pointing out that this plan simply does not stack up. The dividends from these businesses already go into funding schools, hospitals and infrastructure. Diverting revenue from one source to another would not and could not reduce debt. Once again, this strategy has been found out in the 2015-16 budget.

The debt reduction trust that those opposite promised before the election does not even get a mention anywhere in the budget papers—not in one spot; nowhere. This was something that was going to allow for debt reduction of \$1.5 billion annually. In Labor's words, they were conservative estimates. But those savings do not exist. Labor's debt reduction trust has been seen for what it is—a mirage.

More than that, there was no mention to the people of Queensland of Labor's plans to raid the superannuation and long service leave entitlements of Queensland's public servants nor was there talk of shifting \$4.1 billion worth of debt onto those same electricity companies. Queensland, you just cannot trust Labor!

At best, the Treasurer is the Burt Wonderstone of the Queensland cabinet. At worst, he is the deceitful architect of yet another Labor backdown and of setting Queenslanders up again for more debt, less infrastructure and liabilities that our grandchildren will be paying. The budget is a sleight of hand. While the Treasurer tells us he is paying down debt, he is not. While he says Queenslanders will not pay, they will.

At this point I refer to an article in today's *Australian* written by Joe Branigan, a former Queensland Competition Authority employee. The article is titled 'Turning government corporations into a giant ATM' and subtitled 'Queensland's Treasurer has achieved an impossible budget task—by cheating'. Mr Branigan states—

The 2015-16 Queensland budget is extraordinarily brazen in its disregard for public finance accounting standards.

Freshman Treasurer Curtis Pitt (the Youngest) has rejected the advice of the International Monetary Fund, the OECD, Australian state and federal budget honesty acts, numerous audits of federal and state finances, and the fiscal sustainability metrics of the ratings agencies, not to mention the bitter experience of Victoria and South Australia in the 1990s and various southern European countries this decade.

Mr Branigan goes on—

The central plank of the fiscal charade is that Labor will treat the equity in Queensland's Government Owned Corporations as a giant ATM providing \$4.1 billion in cash to the general government sector. Pitt argues the consequent increase in debt held by the GOCs doesn't matter because a higher gearing ratio is the "standard" for energy businesses and, besides, it won't affect retail electricity prices because they are effectively set by the Australian Energy Regulator.

That is wrong, and Mr Branigan explains why—

There are several problems ... First, Queensland Treasury's recommendation to aim for a gearing ratio of 70-75 per cent (up from 55 per cent) is counter to the AER's 60 per cent benchmark and ignores the extremely wide range of gearing across the industry.

Second, the Queensland taxpayer is ultimately responsible for the debts of these businesses. That is exactly why the ratings agencies measure the debts of the whole government sector against a state's revenue.

Third, it follows that the size of that debt burden matters, as Victoria and South Australia in the 90s and Greece today so clearly demonstrate, because when things go bad, and growth rates decline while interest rates rise, fiscal sustainability deteriorates sharply.

Fourth, by loading the networks up with max debt now, it reduces their capacity to fund future capex with retained earnings, meaning either more debt (but their capacity to borrow more will be reduced) or an equity injection from the state.

As I said, Queenslanders will pay. Even previous Labor leaders and treasurers said that what the government has done by raiding superannuation and long service leave should never have been done. In 2003, Peter Beattie said—

All the earnings from QIC, for our liabilities such as superannuation and long service leave, will be reinvested to provide a buffer against periods when the markets are not so strong. It is this strategy that is key to our strong balance sheet.

In 2005, Terry Mackenroth, the then treasurer, said—

Our government has consistently pursued sound long-term policies such as ensuring ... employee superannuation entitlements (are) fully funded.

Even Queensland's worst treasurer, Andrew Fraser, said in 2008—

As a state we are uniquely placed to look forward to having that long-term (superannuation) liability fully provisioned. We are unique ... in the world in having that benefit.

They even fly in the face of their own budget principles. In Budget Paper No. 2 I refer to page 17: 'Principle No. 5—Target full funding of long term liabilities such as superannuation ... in accordance with actuarial advice'. Guess what? Until Tuesday this week that had been complied with by successive state governments. This is the first government to shy away from that principle. It might have given them some play money but it has put super and long service leave in jeopardy as warned by many should there come another GFC or another mining downturn. Whilst it is in surplus now, it is in surplus now to buffer against those days that are not so positive.

But to compound the lies, the deceit, the Treasurer is also setting up Queensland electricity companies for sale by stealth. He made comments the other day that they are investigating QIC's ability to invest in our electricity companies. By transferring those electricity companies to QIC, it is an asset sale by stealth. Mark Ludlow picked it up in the *Australian Financial Review* this morning, where he interviewed QIC Chief Executive Damien Frawley. Damien Frawley said that the 'global fund manager will not be forced into making dud investments by the Queensland Labor government and will only invest in assets which will deliver decent returns'. So, Queenslanders, all I can say is watch this space— watch this space, because they have history. They did exactly that in 2009 and they are doing it again. They have fooled Queenslanders again and again. They should not get away with it.

They have created a \$10 billion bucket of money. What are they actually doing with it? Despite the protestations of the Treasurer, they are not actually driving down debt. A number of my colleagues, including the Leader of the Opposition and the shadow Treasurer, have pointed out the debt comparisons and that in 10 years time we will be no better off than where we are now. In that same article by Joe Branigan in the *Australian* today, he states—

There is very little doubt that Queensland's finances will be downgraded again.

...

Thanks to the Charter of Budget Honesty we have what's called the uniform reporting framework. And at table 8.1 on page 133 of Budget Paper No 2, the cumulative fiscal deficits across the forward estimates of \$4.1bn are reported, a dramatic deterioration compared with the last LNP budget.

What is more, Moody's on 14 July said—

Moody's Investor Service says that the State of Queensland's budget for FY2015/16—
fiscal year 2015-16—

published on July 14, projects a deterioration in its financial performance in FY2015/16 and over the next four years when compared to projections made one year ago in its FY2014/15 budget. The anticipation of larger deficits reflects the impact of falling commodity prices on state revenues, while spending on health and education have been augmented. As a result, the achievement of a balanced budget (net lending/borrowing result, including capital outlays), which had been projected for FY2015/16, will not occur over the next four years.

So they are not paying down debt, nor are they spending it on infrastructure. There is no pipeline of projects. In fact, there is an infrastructure freeze. There is no north coast rail duplication. There is no Cross River Rail solution. There is no Gold Coast Light Rail solution. There is no new money on roads other than what we in the LNP's previous government announced, nor are they creating jobs. Despite their claims to the contrary, they have included in their own budget papers, on page 29 of Budget Paper No. 2, stable projections of the state's unemployment rate at or around 6.5 per cent for the foreseeable future.

Contrary to their claims of no jobs cuts, of no forced redundancies, of no voluntary redundancies even, they themselves are cutting jobs. I refer to a *Courier-Mail* article of 9 July, headed 'Powerlink to cut nearly 200 jobs', where it states—

The company last week told staff of plans to cut a number of positions as it attempts to be a more "agile business".

...

It is understood 199 positions will be cut from Powerlink over the next 12 to 18 months, including 140 permanent positions and 59 contract or temporary positions.

Tell me, Mr Deputy Speaker, how you do that without offering forced or voluntary redundancies. We heard from the shadow agriculture minister that more than 130 jobs are to go in the department of agriculture—130 jobs. They can try to explain it any way they want, but those are job losses. As reported in that same *Courier-Mail* article, even the unions fear similar cuts in other energy companies. It states—

The Electrical Trades Union is warning other energy companies could soon be making similarly sized cuts, despite staff numbers already at "critical levels".

It is clear that Labor say one thing and do another. So what have they spent the money on if not paying down debt, funding infrastructure or growing employment? They have invested in health and education—nowhere near the record increases in funding that the former LNP government provided in those portfolios; that is true, but, yes, increases. I guess you always have to invest in those portfolios with a growing population.

Again, when you look closer alarm bells ring on what they are spending it on. Let me use a local example—the Caboolture Hospital. Loaded in the previous budget, not reliant on any election outcome, not reliant on Strong Choices or any other funding program, were a number of commitments to the Caboolture Hospital made by the former LNP government: \$4.5 million for an emergency department expansion that would have seen 15 additional treatment spaces; \$7.2 million for four coronary beds, 12 cardiac beds and 16 general medicine beds; 100 car parks; and a plan to expand the Caboolture Hospital. What do we see in this budget for the Caboolture Hospital? Zero—nothing for the emergency department expansion, nothing for new treatment spaces, nothing for coronary beds, nothing for cardiac beds, nothing for general medicine beds, nothing for car parks and no plans to expand Caboolture Hospital.

I received correspondence from one of the professionals who operates at the Caboolture Hospital in which they state—

The recent budget talks about much needed infrastructure upgrades and quotes the Caloundra emergency department as getting a much needed revamp. It has just had \$16 million spent on it and it is going to close in 12 months when the Sunshine Coast Public University Hospital opens. There is no mention of Caboolture. Is this a mistake and has he got Caloundra and Caboolture mixed up or have we missed out again?

It is plain and simple. Caboolture has missed out again, despite having Labor representation in the seats of Pumicestone and Morayfield.

It also has very real and personal impacts for my constituents. I was approached by two constituents, Mr Darryl Pollett and Mrs Ellen Turner of Woodford, regarding their daughter, Rachel Pollett. Rachel is 38 and has the mental capacity of an 18-month-old to two-year-old. She has a severe disability. One of the aspects of that disability is that she will not allow anyone to go near her mouth or her teeth. Her parents became aware, on the rare occasion they saw their daughter smile, that she was in desperate need of dental work. For that dental work to occur, Rachel needed to go under a general anaesthetic. When they approached the Metro North Hospital and Health Service, they were told that the waiting time would be two years—I repeat: two years—because there is only one general anaesthetist who can undertake this work.

Whilst we were in government, we were making plans to increase funding to the Metro North Hospital and Health Service to undertake more paediatric dental work under general anaesthetic. Opening timeslots and availability by the proper staff were issues, and thus very few patients were able to be seen. What we have seen in this budget is no allocation for that additional anaesthetic work, which means that patients like Rachel cannot and will not be seen by the public health sector for more than two years. Unfortunately, Rachel could not wait that long so her parents had to pay through the private sector for that work to be done at a cost of \$2,126.45, and they have had advice that they will need

ongoing medical treatment as well. I have written to Dr Paul Alexander seeking his investigation of this matter and to see if he is able to reimburse the Polletts for their expense. I ask the Minister for Health to look at increasing Metro North Hospital and Health Service's general anaesthetic opportunities, given its connection to paediatric services, so patients like Rachel can be seen sooner.

I turn to education and I echo the concerns raised by the shadow minister for education. Whilst the Great Results Guarantee funding is in the budget this year, there is no commitment beyond 2016. One thing I constantly hear when I visit the 18 schools in the electorate of Glass House is how fantastic the Great Results Guarantee funding is. I commend the former minister for education, John-Paul Langbroek, for that initiative. It truly is remarkable to see the turnaround in particularly our state schools in numeracy and literacy because they are able to fund for the first time the priorities that those principals know work best in their schools.

Mr Deputy Speaker, if you will allow me to take a moment, I would like to acknowledge Lyn Winch. Lyn has been principal of Chevallum State School for 30 years. According to Lyn, she has been in schools for all but five years of her entire life and she has spent 30 of those years at the same school as principal. Lyn understands the importance of numeracy and literacy. Chevallum regularly wins the Sunshine Coast Readers Cup—

Mr Rickuss: How big is the school?

Mr POWELL: There are 450 students at the school, but if you looked at the catchment of Chevallum, you would expect they would only have 20—such is the reputation of that school. Lyn established classes that are based on peer groups, not on age. They are based on the ability of the student to progress through the curriculum, not on age. They have supports for those students and they use the Great Results Guarantee funding to the best that they possibly can. I want to commend Lyn for her tireless efforts in our public education system in the state and wish her all the best in her future retirement.

Over the last few days, members may have heard the Leader of the Opposition describe the Treasurer's actions as jiggery-pokery. Before I conclude, let me channel Roly Sussex for a moment and take the House back to my Scottish roots and explain the meaning of this phrase. It comes from two Scottish words—'jouk', which means to dodge or cheat, and 'pawk', which means to trick. The phrase fits Labor and the Treasurer perfectly. Again, they have deceived and cheated the people of Queensland, and I and my opposition colleagues will never stop reminding them of that.