




Speech By
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Record of Proceedings, 16 July 2015

APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL

 **Mr LANGBROEK** (Surfers Paradise—LNP) (Deputy Leader of the Opposition) (12.37 pm): Prior to the 2015 election campaign, Labor's shadow Treasurer stood before the people of Queensland brandishing Labor's flimsy fiscal strategy saying, 'Trust me.' After waiting three years for a plan from Labor, the member for Inala and the member for Mulgrave finally outlined how they were going to pay for their promises, what they were going to do to strengthen Queensland's budget position. In launching that document, the Treasurer made a series of promises to the people of Queensland. He promised to pay down debt, to deliver the same budget surplus as the LNP had promised, to target full funding of long-term liabilities and he promised not to sell assets. Tuesday's budget does not deliver on any one of those promises—not one, zero from four. The budget papers reveal that debt will increase each and every year over the forward estimates. The budget papers reveal that the three fiscal surpluses forecast by the LNP have evaporated. The budget papers reveal a short-term cash grab on long service leave and superannuation entitlements and the budget leaves the door open to asset sales by stealth, although we have already had the Premier and Deputy Premier weaselling their way out of that with terms like 'no strategic asset sales' and 'no major asset sales'. In my speech today I want to clearly outline how this Treasurer and this Premier have misguided the people of Queensland. This budget in no way reflects what people voted for in January of this year. Labor has betrayed the trust of Queenslanders who put their faith in it. Labor has walked away from its promises and, in doing so, has misled the people of Queensland.

What did the member for Mulgrave say going into the election? He promised to pay down debt using the dividends of the electricity companies. He would establish a debt reduction trust and quarantine two-thirds of these dividends to pay down debt by \$1.5 billion a year. He even proclaimed that his debt pay-down schedule was conservative, to use his words, as it assumed no growth in revenue from state owned electricity companies. This was the key part of his fiscal plan—the plan that he took to the people of Queensland. But it did not even rate a mention in Tuesday's budget. Not one line mentioned a debt-reduction trust. This key promise was nowhere to be found.

The budget shows why this plan was simply not to be believed. The dividends of the electricity networks are forecast to fall by more than 50 per cent over the next four years. The dividends of the power generators are \$230 million lower than previously predicted. Tax equivalent payments are forecast to fall by almost \$400 million. Quite obviously, this plan was a dud and the Treasurer knows it.

The other part of the Treasurer's debt-reduction plan was a proposal to merge our electricity companies—as the opposition leader mentioned in his contribution, to merge CS Energy and Stanwell and to merge Powerlink, Ergon and Energex. So what about that idea? Again, it barely rates a mention in the budget papers, other than a few obligatory lines. The \$150 million in savings each and every year? They are nowhere to be seen.

For months, this plan has been criticised by independent experts, including the Australian Competition and Consumer Commission. The budget confirms that those critics were right—that merging the electricity generators would lead to higher electricity prices and that merging the networks will not deliver any real cost savings. That is what Labor's smoke-and-mirrors fiscal plan was based on and the budget has pulled the rug out from under the Treasurer.

What did that leave him with? Limited options. Every promise, every policy taken to the people of Queensland at the last election, has fallen flat, leaving the Treasurer struggling to find something—anything—to keep up his budget mirage. As the *Courier-Mail's* Steven Wardill put it, Labor's pre-election strategy was a two-card trick. What has this forced the Treasurer to do? To pull a rabbit out of a hat and claim that he is paying down debt by shifting \$4 billion of it around. He has taken it off the government books and passed it over to the electricity companies—those same companies that he was relying on to pay down debt. Independent economists called it an accounting trick. Rating agencies saw through it. The only thing this trick achieves is negatively impacting the returns that these businesses make back to government. In the long term, it could impact on service provision and leave Queenslanders paying more.

The Treasurer's other debt reduction option was a short-sighted raid on public servants' superannuation and long service leave liabilities. The Treasurer claimed that he was raiding long service leave because Treasury recommended it in the *Review of state finances*. But as with everything that this government says, it pays to read the fine print. This is what the Treasurer's much vaunted *Review of state finances* actually says—

The pre-funding of long service leave is arguably an extreme application of the basic principle and could be regarded as optional.

'Arguably' and 'could be': those are the words that the Treasurer used to argue the case for ripping \$3.4 billion out of Queensland's fully funded long service leave fund. Those are the words that the Treasurer used to walk away from his own fiscal principles. But he was not content to stop there. The Treasurer also wants to stop making payments into the defined benefit superannuation scheme for the next five years. The Treasurer argues that he has received actuarial advice giving him the green light. So I would like to refer to the last actuarial report, which was released last year—a report that was free of government intervention—

I recommend that this surplus be carried forward and that, whilst there is considerable flexibility due to the strong funding position, the existing contribution rates ... be retained.

I want to repeat that—

... the existing contribution rates ... be retained—since:

- the surplus will provide a buffer against adverse investment returns;
- consistency with the contribution rates in the Accumulation plan will be maintained;
- stability in budgeted contribution rates for employers is beneficial; and
- the more stringent solvency position recognised in the Government's financial statements showed an actuarial deficit at the valuation date, although this is expected to be broadly offset by subsequent strong investment returns.

Of course, the Treasurer has ignored this 150-page report. Instead, he has pointed to a letter from the past couple of months in which the State Actuary has been prompted to consider a proposal put to him by the government—a letter received less than a month before the budget. On that basis, the Treasurer is going to suspend payments into the defined benefit investment scheme for five years, a time period far in excess of the findings of the State Actuary's triennial report into the scheme.

What does John Battams from the Queensland Council of Unions say? 'That's okay. It's Treasury advice.' Could members imagine what he would have said if an LNP Treasurer had done this—an action unprecedented in Queensland's history? Surely, Queenslanders must see through the Labor-union mutual admiration society and the inconsistency of the position of the union fat cats. But his mate Alex Scott of the Together union was not so charitable. He said—

I believe that it is in members' best interest that the scheme remains fully funded and I believe the proposed five-year 'contribution holiday' may be too long.

We will be aggressively seeking a review of this proposal since five years is too long to be complacent about such an important matter as protecting entitlements.

I look forward to the aggressive campaign from the Together union. I think I will be waiting a long time.

But it is not just Mr Scott saying that we should not be complacent. For decades, the full funding of long-term liabilities such as superannuation and long service leave have been key fiscal principles in Queensland. We have heard from the opposition leader that former treasurer Terry Mackenroth, the man who helped the Premier and her ministers make the transition to government, consistently pursued

it. Even Andrew Fraser, the lieutenant to Anna Bligh, acknowledged that funding those entitlements was strong financial leadership. Premier Peter Beattie said that it was a key to a strong balance sheet. Curtis Pitt, the Treasurer, now says that it is a lazy balance sheet. I know who I am more inclined to believe.

This Premier and this Treasurer are going where no other politician has dared to go before and, in doing so, they are breaking a fundamental promise to the people of Queensland. No other state government in Australia, or even the federal government, has had the proud record of fully funding superannuation and long service leave entitlements. That is why in 2006 Peter Costello set up the Future Fund—to invest, to save for the future, to make those commitments for our hardworking workers. Just because everyone else is engaging in poor practice is no reason to ditch a best practice.

Whether it was conservative or Labor, the Queensland government has always put money away to fund its future liabilities. Like householders, each week we were putting money aside so that when the electricity bill came in, or the registration bill came in, there would be enough money to pay it straightaway. This government has decided that it will spend every pay cheque and, when the bills come in, it will pay them as it needs to. This government has decided to live from pay cheque to pay cheque. In one fell swoop, it has spent the savings of a generation. The problem is that, when the rainy day comes—and it will—we will not have that money set aside. In that case, we will have to borrow to pay the thousands of Queensland government employees who have made financial and career decisions based on an expectation that they would receive hard-fought entitlements.

Today, respected commentator Joe Branigan said that Mr Pitt—

... 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.

It is no coincidence that those Victorian and South Australian governments to which he was referring were Labor governments. Mr Branigan goes on to state—

Queensland—like Greece—thinks it's a special case.

Curtis Pitt thinks that government corporations are a giant ATM. But this is not the only promise that the government is breaking. Despite all the talk about paying down debt, the budget papers show that, in Queensland, debt is increasing each and every year over the forward estimates. Debt will still edge up towards \$80 billion. During the election, Labor promised to pay down general government net debt. But net debt continues to increase each and every year over the forward estimates.

Despite the \$4 billion debt shift, general government debt will continue to increase between 2015-16 and 2018-19. Moving the debt from one credit card to another does not reduce the debt. This budget also delivers more deficits. The three forecast fiscal surpluses are gone, replaced with fiscal deficits totalling \$5 billion over the next four years. The forecast operating surplus of \$3 billion this year has shrunk to just over \$1 billion. Operating surpluses will be \$4.2 billion weaker over the next four years under the Palaszczuk Labor government. Expenses growth is also higher, returning to over four per cent when over the last couple of years we have been able to limit that to an average of two per cent. But most importantly, this budget is bad for jobs and bad for growth. The Premier and Treasurer's claims about jobs are not reflected in their own budget papers. Quite clearly, unemployment is higher than previously forecast. Employment growth is also lower than previously predicted. Where employment growth was forecast to average 2.25 per cent over the next three years under the LNP, it is forecast to average 1.7 per cent under Labor. Employment is forecast to stay above six per cent each and every year over the forward estimates. Queensland will continue to have a higher unemployment rate than the rest of Australia. Our plan was and is for jobs in the economy; Labor's plans are for jobs in government.

Economic growth this year is also weaker than forecast. This reflects the fall in business confidence since the election of the Palaszczuk government, a fall in business confidence that has been reflected in surveys from the Property Council, CCIQ and Sensis. How can business be confident in a Treasurer who claims Queensland is in recession one week to make a political point and then says we are out of recession the next? How can small businesses be confident in a Treasurer who will not provide them with payroll tax relief even though it has been costed and factored into the budget? And how can businesses be confident in a Treasurer who is more interested in providing paybacks for his union mates than making it easier to do business in this state? That is what it all comes down to at the end of the day: confidence. Quite clearly, the people of Queensland cannot have confidence in this government. It is a government that is not delivering what it promised.

On this side of the House, as we have heard from the opposition leader, we have learned a lot from the election result. We have been out there talking to Queenslanders about what they want. We want to be a government that delivers for all Queenslanders no matter where they live. That much is

reflected in our real economic plan, a plan to secure Queensland's future with a sustainable and growing economy. We have been open and up-front about our plans. We have been actively engaging with people about the type of Queensland they want to see. They want a diversified economy, which is why we are focusing on key growth areas. They want a government that makes it easier to do business in Queensland, not harder. Business owners want to spend less time filling in onerous paperwork and more time growing their businesses. That is what an LNP government would deliver. Business owners want to see lower taxes so that they can get on with the job of hiring more people. That is what an LNP government would deliver. People living in regional Queensland want to see a government that invests in regional communities. That is what an LNP government will deliver through an enhanced Royalties for the Regions program. That is what an LNP government will deliver by working with the Australian government on the development of Northern Australia. Queenslanders want a government that can responsibly manage the budget. Our record in government clearly illustrates what the LNP can deliver. Debt this year is going to be almost \$10 billion lower than previously forecast. But it is forecast to go up under this profligate Labor government. But most importantly, Queenslanders want a strong and prosperous economy, an economy that provides jobs now and into the future. That is what an LNP government would deliver by restoring business confidence and by actually investing in job creating infrastructure projects that unlock the economic productivity of our economy.

In contrast, this is a government that has not delivered on its promises. This is a government that has not been up-front with the people of Queensland. This is a government with no plan to grow the economy, create jobs or pay down debt. This is a government with nothing but tricks and sleight of hand. Queenslanders cannot afford anything other than confident, experienced and careful management of the economy.

I want to reflect on where we have come from in 2012 and where we are today. The LNP was elected with this advice from Treasury: Queensland's fiscal position and outlook is unsustainable and restoration must be an urgent priority for this term of government. This is in stark contrast to what the Treasurer inherited following the 2015 election. Queensland is in a much stronger financial position today because of the hard work of the LNP government. We will continue working to ensure this hard work is not eroded by a government that has walked away from its promises to the people of Queensland.

In the time left available to me I want to refer to the issues in my electorate and my city of the Gold Coast. It is of great concern, and we have already heard it mentioned by the opposition leader today, that the Crime and Corruption Commission is being affected in terms of staff numbers to assist on matters such as Task Force Maxima. Those of us privileged enough to have been in cabinet understand the effect criminal gangs were having on the Gold Coast and across Queensland prior to the LNP coming to government in 2012. There was that terrible incident that happened in my electorate in September 2013. One only has to look at the statistics that come out of Task Force Maxima: 2,270 arrested on 6,654 charges. The Gold Coast is a place where we are full of optimism and prepared to do the hard work. It is the home of small business. People on the Gold Coast are happy to have a hand up; they do not want a handout. That was reflected in the confidence that was placed in us at the election in 2015 where we actually won the seat of Gaven. It is of great concern that putting out the welcome mat, as I fear Labor is doing for criminal gangs, will potentially affect the people amongst whom I live, the people who come to visit us and our children and our grandchildren. It is of great concern to me that Labor is walking away from the commitments that we have made to ensure the safety of our citizens, which should be at the forefront of the mind of every member in this place.

Finally, in relation to the Commonwealth Games, I want to acknowledge the bipartisan support that I have provided ever since the former premier Anna Bligh made the bid for the games. There is certainly great optimism on the Gold Coast about what the games will deliver in just under three years. We know that it will create up to 30,000 jobs. With less than 1,000 days to go the momentum is certainly building on the Gold Coast. I want to thank all of those involved in providing the infrastructure that I know is being rolled out. There is certainly renewed confidence in the economy. We want to see a successful games. I give my commitment to bipartisan support for them.