




Speech By
Steve Minnikin

MEMBER FOR CHATSWORTH

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APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL

 **Mr MINNIKIN** (Chatsworth—LNP) (10.04 pm): I rise tonight in response to the Palaszczuk government's first budget. Several members opposite have risen and said words to the effect, 'This is well and truly a Labor budget.' Well, it certainly is and I will explain the reasons why. Every budget needs a contextual framework and since being elected this government has stated that it is all about jobs, jobs and jobs. In itself this is a noble goal and one of the key pathways to achieving this is through the budget document. Indeed, Labor's \$1.6 billion *Jobs now, jobs for the future* package will fail according to its own budget. In fact, the word 'job' came up approximately 40 times in Treasurer Pitt's budget speech. As was reported in the media, 40 times as a quantum may be, in fact, more jobs than he actually delivers.

Labor's so-called jobs budget, which was its mantra throughout January's election, will have little impact on overall unemployment. According to the budget papers of the economic tyros opposite, it is expected to remain high at 6½ per cent for the next two years easing slightly, in accordance with the budget papers, to six per cent in the 2018-19 financial year. So, let us try out the old pub test here, shall we? If I offer you a plan predicated on creating jobs and employment and a couple of years down the track the unemployment rate has not moved using your own projections and input assumptions, would you buy this budget as a true jobs blueprint? It is absolute smoke and mirrors by the junior tyro Treasurer, who is a heck of a decent bloke but a career public servant with little exposure to the real business world and who is completely out of his depth. It is fine to concede that he unapologetically accepts the advice and counsel of Treasury officials, but to effectively hand over complete responsibility to bureaucrats and union masters to have almost total input is a complete dereliction of duty.

Yes, the notion of focusing on jobs is noble, but how is this going to be achieved reading the rest of the supporting statements? The budget shows no major dent in the unemployment figures over the forward estimates. It simply reinforces the notion that this government was unprepared and never fully expected to win the last election. Despite what past titular heads and party elders professed, there was no detailed plan. The factionally appointed front bench, from their actions to date as we approach the first six months of the new government, have no clue fiscally. I remind the new chums who have recently found their way into state parliament that the economic mess that the LNP inherited and started to repair still costs this state around \$450,000 per hour in interest alone. The meter is still running hot. We on this side of the chamber would love to have this money spent in our electorates. The funny thing is that eventually creditors want their loan paid back. Who would have figured?

Years of Labor spending and borrowing caught up with the people of Queensland. Despite the resources of Treasury around him, the Treasurer's lack of financial and economic nous knows no bounds. Have those opposite ever heard of funding contingent liabilities? Does this government truly understand how to rework capital on a balance sheet? Does the notion of opportunity cost ring a bell? How about risk spread using the 10-year bond rate as a starting measure? As is evidenced by many of their career backgrounds, why worry about fundamental business concepts when you do not have to

take real risks? You do not have to do that when you are maintained by a union funded pay cheque. Interesting, is it not, that some of the culprits responsible for driving the state into the ground with a massive debt burden have come back into the 55th Parliament. Welcome back after a three-year unexpected holiday. Their lack of real-world business acumen truly is breathtaking. Several years ago I tutored economics next door at QUT. The budget is lightweight and lacking in long-term vision and true reform. It merely delays the inevitable fiscal pain. It would not pass as an undergraduate assignment.

There are a few basic precepts that those opposite fail to fundamentally grasp. Throwing ever increasingly large amounts of money into key government areas such as health and education is not a true measure of success. As the member for Caloundra said early this morning, every successive government, whether they be Labor or LNP, will pretty much always go to the people and say, 'Record spend for health. Record spend for education. Record spend for this.' But that in itself does not necessarily pass muster. This document would not receive even a pass mark at QUT. On the large amounts of money, whilst it is noble that key areas such as health and education are being resourced, there is no focus on output measures. Business 101: input is about efficiency, output is about effectiveness.

Ms Jones interjected.

Mr MINNIKIN: I am glad that someone is following, because people need some fundamental lessons, quick smart. With Labor trying to keep expenditure growth to 4.1 per cent, on par with revenue increases, budget paper No. 2, page 8, predicted operating surpluses of approximately \$6½ billion over the forward estimates, with Queensland \$962 million in the black for the 2014-15 financial year. Last night, international credit rating agency Moody's said that Queensland's budget position was deteriorating on its preferred measure of using fiscal surpluses, which take the balance sheets of government businesses into account. Moody's went on to state—

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, which had been projected for 2015-16, will not occur over the next four years.

Herein lies the rub: this budget has been used as a political tool to appease union masters, amongst others, and has been conjured up to play out well from a retail-political perspective. The budget accolades being sprouted by key unionists were akin to getting a note from mum and dad saying how good their child is. The ALP accidentally stumbled across the line on 31 January because—

Mr Pitt interjected.

Mr MINNIKIN: The Treasurer might want to listen to this—hand on heart, we in the last government failed to adequately take people along with us in a steady fashion.

Mr Pitt interjected.

Mr MINNIKIN: I had thought that the Treasurer might want to listen to this bit. I will continue. As a government, we failed to take the people with us in a steady fashion, and our tone and style of government was far too autocratic and confrontational. We paid the ultimate political price at the ballot box. However, the one thing that I refuse to do is to abandon the proud legacy that we left across many key portfolio areas, such as reduced dental health waiting lists, public housing waiting list reductions, real reductions in public transport fares—and, as the assistant minister, I was very proud to be part of that team—key reforms in justice and law and order, planning reform and wonderful initiatives in education such as independent public schools and the Great Teachers = Great Results program.

The new eager members across the chamber are giddy with delight and they will be tickled pink with some of the improvements to their local electorates. There is nothing at all wrong with that sentiment, because, after all, politics is about people. However, on this point members on the other side of the chamber have been hoodwinked by their own leadership into thinking that the fiscal principles adopted in this smoke-and-mirrors budget is actually sustainable in the medium to long term. As they will sadly learn, you cannot play catch-up tennis with financial management. At some stage, you have to pay back the piper. This sleight-of-hand budget will come back to haunt the government during the remainder of their time in office. It is a one-off sugar fix that lacks vision and true economic reform in their quest to chase short-term political populism. This budget fails future generations by avoiding the tough decisions required to be made by this generation. Unfair, intergenerational debt will continue under Labor.

Let us cut to the chase: this budget truly does hide behind smoke and mirrors to disguise its uncertain economic footing. Not content with relying on economic sleight of hand, Labor thinks nothing of casting aside now inconvenient election commitments. The Treasurer's promise of no new tax increases has been shelved. We have seen that recently with the announcement on car registration

increases. With this budget, Labor's promise to be a responsible steward has proven yet again to be elusive. The biggest job creator—surprise, surprise—appears to be the government itself, with the Public Service wage bill jumping by about \$1 billion in 2015-16. Even with Labor spending more on bureaucracies, the budget predicts lower employment growth and higher unemployment than the LNP's last budget.

Despite what the Treasurer would have Queenslanders believe, Budget Paper No. 2, table 1.1, 'General Government Sector—key fiscal aggregates' shows that debt will continue to rise year after year. This reckless budget plan includes taking \$3.4 billion from the funding pool set aside for public servants' long service leave and taking—we have heard it before—a five-year holiday from the defined benefit scheme, which will raise approximately \$2 billion, combined with shifting \$4 billion worth of government debt onto the balance sheet of state owned businesses, and electricity prices will undoubtedly rise as a result. In 12 months time, they will all be sitting here shaking and scratching their heads, saying, 'What was that all about?' The seeds of that were sown with the passage of this Appropriation Bill. As if government owned corporations are going to absorb the extra interest and redemption payments without looking to pass it on to consumers. Treasurer Curtis Pitt the younger has insisted that his plan would pay down around \$10 billion in debt.

Mr Pyne interjected.

Mr MINNIKIN: Some members do not know their English political history. There is a problem here: overall debt borrowing, including money owned by state owned businesses, will climb to \$77.1 billion by the end of Labor's term in 2017-18, which is around the same figure as when they took office. They will merely come full circle. So much for their much taunted debt repayment strategy. It is myth busters taken to a new extreme. There was a slight hiccup for the Treasurer because, despite introducing a new 100 per cent dividend policy, their election plan to use GOC profits collapsed with changing commodity demand and Treasury figures showing earnings from energy distribution drying up. According to the Treasurer's own budget papers, revenues are set to rise by 4.4 per cent, with current spending to increase slightly below that at 3.7 per cent, a pace which, in turn, relies on a 4.2 per cent rate of growth in employee costs.

The state's ability to meet those targets will be challenging given upward pressures in health care and other social services, and will necessitate strong fiscal resolve to control current spending. Past behaviour is the best way to predict future actions. It does not seem to matter which Labor Party members come or go; in their DNA they all share an absolute inability to understand what expenditure containment and debt control is really all about. They have past form and a proven track record of year-on-year expenditure growth of just under 10 per cent. Labor's prodigious appetite to spend and spend and spend knows no bounds.

Despite the tyro Treasurer, aka 'Captain Risky', ducking and weaving, the budget papers confirm that Labor will rip out \$3.4 billion from the long service leave fund. What, may I ask, will be the outcome of this decision? Out of the \$5.4 billion raided from long service leave and superannuation payments, only \$2.6 billion will be actually used to lower debt in 2017-18. Yet again, despite the smoke-and-mirrors accounting, debt will continue to rise. Treasurer Pitt the younger can run, but he cannot hide from the fact that he is spending a decade of savings in Labor's irresponsible budget. Labor did not tell Queenslanders that they were going to do this trick before the election. It is, indeed, a sneaky trick from an inexperienced and economically illiterate Treasurer.

I do give the government credit for at least one section of the budget. That may be found in Budget Paper No. 2 on page 102 under section 6.1.2, 'Opportunities for reform—processes on federalism and tax reform white papers'. This process presents an opportunity for Queensland to ensure reforms align with objectives to clarify federal-state relations, improve sustainability and efficiency of Queensland's revenue base and address vertical, fiscal imbalance. That is what I am sure we would like to be talking about at 20 past 10 on a Friday night. I have already spoken in this chamber on these issues in past speeches and I intend to do so again in the future as this issue is critical to the state and its overall prosperity in the years to come.

All politics is local so in relation to my electorate of Chatsworth I point out that the traffic congestion on Old Cleveland Road will continue and residents can ruminate this fact as they pay extra for their car registration. I note in Budget Paper No. 3, Capital Statement, that the Queensland State Velodrome funding of \$39.5 million is provided for along with \$3.7 million for the Belmont Shooting Centre as part of the Commonwealth Games preparation. Well done, government.

Over the past three years I have been working tirelessly with the Gumdale State School community to put the motions in place for their much talked about master plan to occur. I lobbied very hard for funding for stage 1. That funding was committed. During my first term I consulted with the wider school community. I am delighted that ongoing funding of \$6.632 million has been allocated to actually

continue stage 1 of the master plan for Gumdale State School, as outlined in Budget Paper No. 3 at page 34.

In closing, this budget is disappointing on multiple levels. It lacks vision, an appetite for true economic reform, uses the Walker and Walker model of trading entitlements, uses sneaky book transfers to masquerade as creative accounting, does not adequately fund imperative infrastructure and truly is an undergraduate attempt to mask the essential fact that the ALP stumbled unexpectedly into government with an economic plan written on a few pieces of old A4 paper. Now, some six months later, the old Democratic Socialist playbook is back in operation.

As John Branigan wrote in the *Australian* recently—

There is very little doubt that Queensland's finances will be downgraded again; the only thing that has saved them recently was—

Mr Pitt interjected.

Mr MINNIKIN: Listen up, Treasurer—

a credible Liberal National Party treasurer who was able to tell a convincing story of fiscal repair. Despite the balance sheet shuffling, the ratings agencies still know where to look.

I repeat my words from early in my speech. This sleight-of-hand budget will come back to haunt this government during the remainder of its term in office. Sadly, as usual it will be future generations who will also be made to pay a price for this short-term economic sugar fix without fiscal substance.