




Speech By
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MEMBER FOR CLAYFIELD

Record of Proceedings, 16 July 2015

APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL

 **Mr NICHOLLS** (Clayfield—LNP) (5.58 pm): After having listened with some degree of amazement to the speeches of those opposite over the last three or four hours and the speech of the Treasurer on Tuesday, I would like to make a few points. This Treasurer promised Queensland a budget in the finest Labor traditions. The budget he delivered on Tuesday would make Andrew Fraser, Wayne Swan and Kevin Rudd proud.

Like Mr Swan who turned the record surpluses of the Howard years into record deficits or Labor in Queensland that went broke in a boom and wasted the rivers of gold, this Treasurer has turned the LNP's fiscal surpluses into deficits totalling \$5 billion over the forward forecasts. Like Mr Swan and Mr Rudd, who raided the education fund set up by Australia's longest serving treasurer, Peter Costello, this Treasurer has raided the long service leave and superannuation entitlements of public servants. Like Mr Rudd, who changed Australia's credit card limit twice, this Treasurer wants to shift debt from one credit card to the next. Like Mr Rudd and Mr Swan, who squandered the savings built up by Howard and Costello, this Treasurer is spending a generation's worth of savings in long service leave entitlements in one fell swoop.

The theme of his budget is quite obviously the audacity of hypocrisy. It is a budget that promises more jobs but delivers fewer jobs. Unemployment will remain above six per cent over the next four years and it will not drop below 6.5 per cent over the next two years. I will be talking about that a little later.

It is a budget that promises to lower debt but delivers higher debt, with debt continuing to increase each and every year over the forward forecast despite the Treasurer's hit-and-run raid. I compare that to the outcome that we delivered when we came to government. With the forward forecast showing debt reaching \$85 billion when we came to government, the Treasurer's budget papers this year show that debt will be just over \$75 billion. Without any hit-and-run raids on hollow logs, without attacking long service leave entitlements, without attacking the entitlements of public servants, without any assets sales or leases—in fact, through proper, prudent management—we managed to take \$10 billion off the \$85 billion of debt that we inherited.

Mr Bailey interjected.

Mr NICHOLLS: I hear the main roads and ports minister chiming in from the back. It is a budget that promises to lower debt but delivers higher debt. Debt will continue to increase each and every year over the forward forecast despite the Treasurer's hit-and-run raid. There will be more debt.

This is a Treasurer who thinks that he does not have to stand behind the government owned corporations of Queensland. This is a Treasurer who says, 'No, I will walk away from that debt. I do not want to count it.'

Mr Pitt interjected.

Mr NICHOLLS: Hang on a second—

Madam DEPUTY SPEAKER (Ms Grace): Order! Members! It has been a long session and we are nearly due for a break.

Mr NICHOLLS: This is the same Treasurer who thinks he only has to pay interest on net debt and not on the whole amount he owes to the bank.

Mr Pitt interjected.

Mr NICHOLLS: Did you go to your bank? What is your bank—the Commonwealth Bank or Westpac? Which bank?

Mr Pitt: Wouldn't you like to know.

Mr NICHOLLS: You go to the bank and you say, 'I would only like to pay the interest bill on the net debt.' They say, 'Yes, Mr Pitt, that sounds like a good idea. After a thousand years of banking history, we will not charge you interest on the total amount you owe.'

Mr Costigan: The new order.

Mr NICHOLLS: The new world order.

Opposition members interjected.

Mr NICHOLLS: What did the ratings agencies say about that? They said, 'No, sorry, that idea does not work. When we look at you it is the total amount the state of Queensland owes. It ain't the little bit.'

Mr Pitt interjected.

Mr NICHOLLS: I know where the Treasurer is getting his advice from. The Treasurer is getting his advice from Walker and Walker. Remember Walker and Walker, the academics from the University of Newcastle? I am not referring to the entirely sensible shadow Attorney-General who is just Walker. Walker and Walker, the economists from the University of Newcastle, said that it is not the total debt you have to worry about.

Do members know the other thing Walker and Walker said? I will tell members. Walker and Walker said, 'You have all of these long service leave assets and you have all of these superannuation assets.' Do members remember that we had this debate? I said at the time to the then shadow treasurer, 'Are you going to raid the superannuation assets of public servants in Queensland? Are you going to raid the long service leave entitlements of public servants?' Two years ago he denied he would do it.

But do members know what I have heard today? The Treasurer, the student of Walker and Walker from the University of Wollongong or Newcastle or wherever they were from, is now on the hunt. Like the member for Woodridge, he is on a mole hunt. The leaks are out there. He has done a press conference this afternoon and said, 'How did the opposition know that I was going to raid the long service leave and superannuation entitlements of public servants?' Mate, we knew two years ago when you took Walker and Walker's advice that you would do that. Just because the Treasurer cannot remember what happened two years ago—

Honourable members interjected.

Madam DEPUTY SPEAKER: Order! Member for Clayfield, there is a lot of interjection. I know that you are in a way bringing it about—

Mr NICHOLLS: Loving it.

Madam DEPUTY SPEAKER:—and loving it. As long as you do not need protection, I warn members to keep it down a bit.

Mr NICHOLLS: Just because the Treasurer cannot remember what he said two years ago and was saying two years ago, does not mean that the rest of us do not remember it. Just because there are those of us who understand the accounts of Queensland and know that there are funds put aside, does not mean that he needs to go about impugning the integrity—as he has done for the past three years—of Treasury officials. He is impugning the integrity of the Treasury officials. He has gone on a mole hunt because he thinks there is a leak.

We knew where he was going as soon as he started talking about it. We knew that the fantasy that was their so-called economic plan in January—the \$1.3 billion black hole; the *Courier-Mail* got it dead right—was unsustainable. So what has he done? He has done something that no other Treasurer in Queensland's history would ever dare do. He has done a hit-and-run cash grab on the long service leave and superannuation entitlements of public servants.

I go back to my theme of this being a budget of the audacity of hypocrisy. It is a budget that promises to deliver surpluses but delivers fiscal deficits each and every year. Remember, the fiscal deficit is the measure recommended by Treasury and the one taken into account by ratings agencies.

Under the LNP we were already running operating surpluses. We were already doing that. Members only need to look at Budget Paper No. 2 'Outlook and strategy' at page 10 to see that in the last two years alone we have run \$1.5 billion in surpluses. We have also had to fund, with the assistance of the Commonwealth, disaster recovery after cyclones Yasi and Oswald and a number of other natural disasters.

This Treasurer should go down on bended knee and thank the LNP for what we bequeathed in terms of operating surpluses. Instead of going on his mole hunt in Treasury he should be saying to hardworking officials of Treasury, 'Thank you for the good job you did. Thank you for the job you did in giving us the fiscal repair statement. Thank you for identifying the failings of the Labor government.' He should be saying thank you to the LNP for taking action to fix them up.

This budget is full of hypocrisy. It is a budget that promises more infrastructure but delivers no new spending. Capital purchases are down by more than \$800 million and grants are down by more than \$500 million when compared to last year's budget. It is a budget that promises more health services but does not deliver any way of measuring what they say. It is a budget that promises expenditure restraint but that spends \$1 billion on 3,000 more public servants and sees expenses growth more than triple this year, heading back to the old Fraser-Bligh days where expenses grew despite every promise they made in 2006, 2007, 2008, 2009 and 2010 that they were going to control expenses growth. What was the decade average of expenses growth? Almost 10 per cent a year. No wonder the rivers of gold that were flowing disappeared—no wonder.

Fundamentally, this budget illustrates the hopelessness of the plan that Labor took to the people of Queensland at the last election. The money simply is not there as they thought it was. I watched on Tuesday as the Treasurer stood up there and congratulated himself on this budget. But it was the LNP who did the hard work. We did the hard work. We got in there and got the hard work done after a decade of debt and deficit by those opposite.

What did the member for Mulgrave inherit verses what we inherited? Before he attacks the Treasury officials, he inherited total state debt down by \$10 billion, expenses brought under control, more services for less money, no tax increases, a reinstatement of the Great Start Grant, \$7,000 for first home buyers—

Mrs Frecklington: Froze car rego.

Mr NICHOLLS: Froze car rego for three years and the first public transport fare reduction in Queensland's history. That is what he inherited. What did we inherit? The opening line of the Fiscal Reform Blueprint states—

Queensland's fiscal position and outlook is unsustainable and restoration must be an urgent priority for this term of Government. Queensland Treasury Corporation stated—

The state's debt has reached unprecedented levels—
that is actually not being helped by this budget—

Together with its published forward estimates showing an even greater volume of debt required, Queensland is now in uncharted waters with respect to the volume of debt on issue and the resultant interest bill.

Guess what? This Treasurer is taking us straight back into uncharted waters. The Bermuda Triangle is on this Treasurer's GPS and he is going straight at it without any care, without any fear, in full knowledge that what he is doing is wrong and, what is worse, with no buoyancy left in the tank because he has now raided the long service leave and the superannuation entitlements of public servants.

Of course we had the independent Commission of Audit, involving Peter Costello, Sandra Harding and Doug McTaggart, which said—

Urgent fiscal repair is necessary just to stabilise debt which will continue growing in the absence of corrective measures.

What did we also inherit? Not just the massive debt, not just the deficits, not just the mismanagement, the expenses growth and the taxes and fees and charges going up. What we inherited was this—

The magnitude of the task is substantially larger than previously recognised because the former Government—
that is, the Bligh-Fraser Labor government—

has built in unrealistically optimistic Budget assumptions that have masked the magnitude of the underlying structural problems.

They were living on a wing and a prayer. They thought that the revenues would come in from stamp duty receipts at 14 per cent a year, year on year. In 2012, after two years of the GFC, after the falling of the property markets, they thought property sales were going to increase and they were going to get more stamp duty—unbelievable!

So what did the financial report prepared by this government say—the report on state finances? It states—

At the time of the publication of the 2014-15 Mid Year Fiscal and Economic Review—that is, the last one that we provided when in government—the budget and debt position had been broadly stabilised.

The ship was no longer sinking. The ship was afloat and it was heading on the right course, and that was backed up by Standard & Poor's assessment, including the assessment on Tuesday, that recognised the hard work of expenditure constraint under the previous government. What does the report on state finances also say? It also says that under this government there is no chance of getting the AAA credit rating back—no chance of getting it back whatsoever. So Queensland's AAA credit rating, which was estimated to cost an extra \$200 million a year in interest payments which saw our interest bill higher than the interest bill of Tasmania—and by the way we are 40 bases points higher than the interest bill in New South Wales, so we are still paying more because of Labor—was ballooning under Labor. So this is a budget full of hypocrisy.

In the lead-up to the budget the Treasurer promised innovation and compared himself to Bob Hawke and Paul Keating. I reckon Paul Keating would have something to say about that.

Mr Minnikin: I reckon he would, too.

Mr NICHOLLS: Yes. What was Keating's famous line? 'A shiver looking for a spine to run up.' That would be about right, indeed. What would Paul Keating say about not wanting to get out of unproductive businesses? What did he say in New South Wales to John Robertson and Luke Foley? What did he say to them? That they were troglodytes, stuck in the past, more interested in their union mates than they were in the people of New South Wales. That is what Paul Keating would say about that.

An opposition member: History repeating itself.

Mr NICHOLLS: Absolutely. It is not innovative to throw billions of dollars more into growing government bureaucracies as Queensland's unemployment rate remains at six per cent. It is not innovative to continue to borrow more and more money to pay for your election promises. It is not innovative to raid a generation's worth of savings. It is not innovative to accept the lowest common denominator as the benchmark regarding the funding of public servants' superannuation and long service entitlements.

This budget is a pale and tepid imitation of the failed and discredited policies of Wayne Swan and Kevin Rudd. Like Kevin Rudd and Wayne Swan raiding the Education Investment Fund and the Health and Hospitals Fund, this Treasurer has raided a fund implemented under former premier Peter Beattie as a prudent and necessary provision for future obligations. Like Kevin Rudd and Wayne Swan, this budget fails to deliver any vision for Queensland. It is a do-nothing budget from a do-nothing government.

Remember how much Kevin Rudd promised us as a result of the mining tax? We were going to get a capital investment boom. Do members remember that? How much did we ever actually receive out of that? Zero, zilch, zip. For all of those projects that were going to go ahead—Abbot Point, the inland railway—there was not a brass razoo. There is nothing by the way of visionary infrastructure. The only new project is the Townsville stadium, a promise made safe in the knowledge that Labor's funding amount is \$150 million short. Labor's North Queensland MPs will be crowing about the Townsville stadium, but remember what the member for Townsville once said about it. He said it was unnecessary. The member for Townsville had to get pulled into line by the Premier for his comments in relation to the unnecessary Townsville stadium. Boy, did he change his mind about that in a hurry.

Labor members will be crowing about the Queen's Wharf development in a few weeks time. It pays to remember that Queen's Wharf is only possible because of the LNP's vision to move public servants out of the existing aged and decrepit accommodation into new, modern accommodation at 1 William Street—a project being funded by the private sector at no cost to taxpayers which will provide savings of \$60 million a year, creating 1,000 jobs a year over three years, and a project which was put together by the director-general of the Department of the Premier and Cabinet under this government.

Where this government waits up to 12 months to come up with an idea, the LNP got on with the job and acted. We do not need a glossy brochure to deliver projects like the Toowoomba second range crossing. We rolled up our sleeves, we got on, we did the deal and we made the project a goer—a project which will support 1,800 full-time-equivalent jobs during its construction phase.

There were other projects like the \$10 billion upgrade to the Bruce Highway, the government wireless network and new generation rolling stock. I heard the member for Ipswich West talking about the new rail stabling yards at Wulkaraka—a promise made good by the LNP, not by the government over there. There is the Queensland schools PPP partnership delivering 10 new schools, the Coomera interchange on the Pacific Motorway which will see a \$1 billion commercial and retail centre go ahead, and the Herston health quarter redevelopment—they are climbing all over the Herston health quarter, which we put together.

I have absolutely run out of time and I have a lot more pages to go so I will have to save them up. But let me say that on infrastructure the spend is not there. On planning I do say that the money put aside to assist in planning reform is welcomed. However, the planning reforms put in place by the member for Callide, the member for Mansfield and assisted by the member for Southport have seen approvals increase by 150 per cent. So much was done in such little time. This budget delivers so little for so many. Truly this is a budget that will leave people wanting. It is a Labor budget that spends more than it earns and sees debt increasing—and, just like last time, when we are back we will fix it up.