




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 1 November 2016

APPROPRIATION BILL (NO. 2)

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport) (4.03 pm), in reply: I thank all those members who have made a contribution to this debate. As we have heard, there have been a number of things put forward by those opposite. Certainly there were some summations about how this process had come to be. Over the years we have seen some changes in the way the budget and any supplementary expenditure—in this case, unforeseen expenditure—have been put into the House. We have a process that we are diligently undertaking. We are very happy to be doing that. As members can see and as I have said on numerous occasions, this year the predominant amount of money contained in this bill as part of unforeseen expenditure is related to dividends that we have received from our government owned corporations and we have used to retire further debt.

I am very pleased from all the contributions I have heard—and I particularly thank colleagues on this side of House—that we have been able to have a very sensible conversation about exactly what our economic plan has been over the last two budgets and why we decided to take the course of action we did. It is very important that we have a plan that has actually started to show dividends. When we see the commentary that we have over the last few weeks it is something that even some of the deniers on the other side have problems with. It is hard to find holes in the continued momentum that we are seeing in the Queensland economy.

I have to say to the member for Indooroopilly, as the shadow Treasurer, that I have undertaken that role. I know that he is always going to be out there trying to push the case for his side of politics. He is always going to be trying to find the negatives. I have mentioned before that he manages to find the cloud in the silver lining. It is important that both sides of politics speak about the Queensland economy the way it needs to be spoken about—that is, that our responsibility is to talk our state up, not unnecessarily so and not in an irresponsible way but in a way that indicates that this economy is one that we should all be very proud of.

On the multiple occasions and at the many events that I get to speak about Queensland I talk about the diversity of our economy. Yes, we are trying to further diversify our economy through the Advance Queensland strategy—a great strategy that is looking at creating jobs for the future and changing the make-up of our economy so that we are ready for all the changes we know are just over the horizon. We cannot lose sight of what we have now.

That diversification is what is keeping us in good stead. It is what is ensuring that we have parts of the economy firing when other parts are not. What we are thankfully seeing is that there is a sweet spot at the moment. We are seeing a bounce and return in terms of commodity prices. We are seeing the spot price for hard coking coal get up to US\$257 a tonne. We are getting contracts locked in at that \$200 mark. We are even seeing spot prices for thermal coal hitting \$100. These are all above the expectations of the budget. We hope that these conditions continue because all of those things mean

that we have a greater opportunity to continue the strict fiscal discipline that we have been showing since we came to office and also ensure that we continue this economic plan which is driving growth in our economy.

I want to pick up on a few points. We know that we have had the shadow Treasurer looking for negatives wherever he can find them. He has been very fond of saying that full-time employment numbers fell by 23,000 in the last month. Once again, he has been caught out picking and choosing statistics to fuel this campaign of negativity. The figure he quotes is on a seasonally adjusted basis. On the full, more reliable trend basis the figure is a gain of 200 full-time jobs. The best and brightest cherrypicker in Australia is at it again. That is what we are seeing every time he selectively quotes the figures.

I think he really does need to ask his leader what his preferred measure is. I tried for three years as the shadow Treasurer to get the former treasurer to tell us what his preferred measure was. Whichever figures looked best, he would use. He would go between seasonally adjusted and trend. We have consistently stuck with the trend figure. It is the more reliable measure. That is what we are doing. It might seem that there is sometimes an opportunity to go for a figure if it looks better seasonally adjusted, but we know that if we stay with those trend figures we will see that our economic plan is making a difference.

The ABS advises that trend estimates are considered the best in terms of the underlying behaviour in the labour market. The seasonally adjusted figures are the more volatile and least reliable. It is interesting that the shadow Treasurer was not shouting from the rooftops when employment rose by 22,000 in June 2016. That is the volatility, as we have talked about, with the seasonally adjusted figures. That is why we always refer back to the trend figures.

I note the contribution of the member for Stretton. Thank you very much, member for Stretton, for what I can only describe as a very animated contribution. We were talking with the whips and we believe that you should come on after every lunch break to ensure that the House is woken up with all the pep and vigour that we need. If we have to continue to provide you with any additional material please let us know. It was certainly a contribution that got everyone, on our side at least, very excited. He did note the gratuitous attacks that we have seen from the member for Indooroopilly over very recent time and the latter's contribution to the bill.

The trend figures are bad news for the LNP's five-year continuous campaign of negativity on the Queensland economy because they show that this government's economic plan is working. I said this morning and I will say it again: we have on a trend basis unemployment down from 6.6 per cent to 6.1 per cent. We have more work to do. That is our pledge to the people of Queensland. We said we would come in and work very hard on job creation. We have seen more than 40,400 net new jobs since we have come to office in January 2015. It took a full term for 26,800 net jobs to be created under the former Newman-Nicholls government. Labor has created more jobs in half the time.

The shadow Treasurer also trotted out that tired old line that this state was not doing as well as New South Wales and Victoria. We are expected to chalk up the strongest growth in the nation for 2015-16, which was forecast in the budget at 3½ per cent. This would be a great outcome in light of global conditions. In the budget that we handed down this year, Queensland Treasury forecast our growth in 2016-17 to be leading Australia at four per cent. That is a percentage point higher than the forecast for New South Wales and Victoria and a full three per cent higher than what was forecast in Western Australia.

The latest Deloitte Access Economics September quarter report talks about us having the strongest economic growth in the nation right through the next decade. The return to growth has also seen a return to business and consumer confidence. The NAB Monthly Business Survey has consistently shown that we are either leading or equal first for business confidence. That has been a position we have held since we handed down the first budget in 2015.

The recent Westpac-Melbourne Institute index showed rising consumer confidence in Queensland. The shadow Treasurer was also quoting the S&P rating report in his contribution to this debate. Apparently it only said things are not getting any worse, according to the shadow Treasurer. Well, I think we can all be a little bit more optimistic than that. S&P Global recently affirmed the state's AA-plus credit rating, citing Queensland's 'very strong economy, strong financial management and budgetary performance'. S&P noted Labor's two budgets delivered surpluses by controlling spending in the face of revenue writedowns. We know that Moody's has also reaffirmed our AA rating.

Another contribution to the debate was the high-on-volume and low-on-facts contribution by the member for Maroochydore. The member termed this side of the House as debt deniers and the dodoes of economic management, if I am faithfully quoting her. Once again we must return to the facts. It certainly was a contribution that was light on facts.

The government has delivered two surplus budgets during its time in office all the while reducing government debt through its Debt Action Plan. I am not sure what the member for Hinchinbrook is laughing at. I would love to know.

Mr Cripps: I'm laughing at your very liberal interpretation of how fiscally responsible you have been given that you have been taking money—

Mr DEPUTY SPEAKER (Mr Furner): Order!

Mr PITT: Mr Deputy Speaker, it is fascinating that the member for Hinchinbrook—

Mr DEPUTY SPEAKER: No. Pause the clock. When we have order we will continue.

Mr PITT: It is fascinating to have that interjection from the member for Hinchinbrook. It is fascinating because for years in Queensland the default position has been—

Mr Cripps interjected.

Mr PITT: Does he want to know the answer to the—

Mr DEPUTY SPEAKER: Pause the clock. Member for Hinchinbrook, you are now warned under standing order 253A.

Mr PITT: Mr Deputy Speaker, I ask that you take note of that ruling you have just made in particular, because I know that the member for Hinchinbrook was also warned under standing order 253A this morning. He does not seem to have learned from that.

What we know is that for years Queensland has been consistent with other states and territories where we have used the operating balance as our preferred measure. It is the way we presented our budget. We know that the former treasurer, under the guidance of Peter Costello to whom he outsourced his first budget, had the advice that he needed to shift to a fiscal balance that was now the new norm. That is out of step with where all other states and territories are. That is not to say that we do not take account of the fiscal balance. We always want to see the fiscal balance reducing, but it is not the measure that faithfully reflects our current position.

The operating balance has seen a surplus in last year's budget, a surplus again for 2016-17 and across the forward estimates. Those surpluses are combined surpluses of around \$3.2 billion. That is exactly the sort of thing we have been talking about when it comes to our fiscal discipline and showing ratings agencies that we not only put ourselves out there with some of the toughest fiscal principles in the nation, which we tabled with the budget, but also are delivering on what we said we would.

Going back to the member for Hinchinbrook's contribution, for his information, general government debt is forecast to go down in 2016-17. It is \$10.4 billion lower than the estimate in the 2014-15 budget. The Palaszczuk government has taken off \$10 billion in less than two years after our commitment that we made to Queenslanders to reduce general government sector debt by \$12 billion over the decade. This is what those opposite continually fail to register. They fail to register the importance of the interest repayment savings that we are making when we put our plan into action in the last two budgets. We are saving in 2016-17 alone \$800 million. That is \$800 million that can go back into providing services for Queenslanders. There is no suggestion that this so-called debt shuffle they have carried on about has a real outcome. That real outcome is that we have more money freed up to do what we need to do to support services and jobs in Queensland.

Before I wrap up there is one matter about supplementary appropriation bills that I must raise, and that is unforeseen expenditure as a percentage of total appropriations. In recent years this has been quite low. It was not just a Newman government event. In 2015-16 the share was 0.74 per cent; however, in years where it has been higher it has been affected by natural disasters such as Cyclone Larry, Cyclone Monica and Cyclone Yasi. I thank the committee for its work on the bill and that of the staff of the committee as well. I thank everyone for their contributions. I commend the bill to the House.