Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 1 November 2016

APPROPRIATION BILL (NO. 2)

Second Reading

Hon. CW PITT (Mulgrave—ALP) (Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport) (12.34 pm): I move—

That the bill be now read a second time.

I want to thank the Finance and Administration Committee for its report tabled on 25 October 2016 regarding Appropriation Bill (No. 2) 2016. I am pleased to note that the committee supports the bill and recommends that it be passed. The purpose of the bill is to provide for supplementary appropriation for unforeseen expenditure that occurred in the 2015-16 financial year. Unforeseen expenditure is the term used to describe payments from the Consolidated Fund to a department which is above the amount approved for that department as part of its annual appropriation at budget time.

We have taken the whole-of-balance-sheet approach in both the 2015-16 budget and the 2016-17 budget. As I have said on numerous occasions, the first two budgets that we handed down in the Palaszczuk government have been companion pieces. The 2015-16 budget started the work and the 2016-17 budget continued it. This has been a very carefully thought out approach to allow us to make best use of available capital to meet our objectives of delivering surpluses, delivering services, creating jobs, continuing to stimulate growth and paying down debt. Let me be clear, the former LNP broke a number of promises, none more so than when it came to budgets. We very famously know that in its first 2015-16 budget, after in opposition the former premier Campbell Newman said public servants had nothing to fear, clearly they had a lot to fear. I talked earlier today about the impact those 14,000 full-time equivalents leaving the public sector had, not only on delivery of services—the same front-line services they said they would revitalise—but also on regional communities where we saw local economies go through some very tough times. Add to that the transition that we are seeing in the economy at the moment, where we are going to a post mining boom economy, clearly we have had to ensure that our policies reflected the current circumstances. That is why our government has had such a strong focus on regional Queensland.

The former LNP government spoke about economic management, but they never delivered. They left the Queensland economy with growth of under one per cent. The final year result for the 2014-15 year was growth at .8 per cent. Our diversified economy means that we are forecast to have the strongest economic growth of any state or territory in 2015-16 at 3.5 per cent, rising to a forecast four per cent in 2016-17. It is clear that the Queensland economy has turned a corner in the last 18 months. The 2015-16 budget laid the foundations for the Queensland economy to return to growth and creating jobs. We have also seen the return of confidence and optimism about the future of this great state.

The Queensland government's responsible financial management in 2015-16, followed up again in this year's budget, has resulted in Standard & Poor's Global Ratings reaffirming Queensland's AA-plus credit rating, citing the 'very strong economy, strong financial management and budgetary performance, and low contingent liabilities.' S&P noted that our recent budgets delivered surpluses by controlling spending in the face of revenue writedowns. As we have seen in this latest budget, we have surpluses forecast over the forward estimates of $3.2 billion. Ratings agency Moody's also published an update to its discussion of key credit factors for Queensland, reflecting the Aa1 credit rating and identifying improved results following a period of high deficits as a credit strength.

With regard to Appropriation Bill (No. 2) 2016, although it is called unforeseen expenditure, the expenditure can also relate to the repayment of debt. Specifically, Appropriation Bill (No. 2) 2016 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by eight departments in the 2015-16 financial year of $390.126 million. In summary, 76 per cent of this was incurred by Queensland Treasury for the repayment of debt under the government's enhanced Debt Action Plan. The debt repayment was primarily facilitated by the early payment of dividends by government owned corporations—those government owned corporations that thankfully are still in the hands of Queensland taxpayers and still producing revenue. As we have seen in 2015-16, the return back to government, including tax equivalent payments and dividends, was more than $2.2 billion.

Through our whole-of-balance-sheet approach we have made significant progress on general government sector debt, the debt that we said we needed to target because that is the debt that taxpayers actually have to pay interest on. We have reduced our general government sector debt by $10.4 billion, lower than it was forecast to be in the 2014-15 budget under the former treasurer and now Leader of the Opposition, Tim Nicholls. We told voters that we would reduce general government debt by $12 billion over 10 years. We have taken off $10 billion, or just a bit over, in less than two. This means in this 2016-17 year alone interest repayment savings of about $800 million. That is money that can then go back to support the delivery of front-line services—the sort of front-line services that those opposite promised that they would revitalise. We are able to put those interest repayment savings back into providing services, such as more paramedics, more doctors and more police, that Queenslanders expect and deserve to see from their state government.

This means that our debt-to-revenue ratio demonstrates the real impact of what our action plan has been able to achieve. This is a key debt metric. Under the former government, in 2014-15, looking at the general government sector debt, the general government debt-to-revenue ratio was 91 per cent. It is now forecast to be 70.7 per cent for the next financial year, falling to just over 68 per cent by 2019-20. Despite the unforeseen expenditure, the amount of appropriation paid was $1.963 billion less than originally budgeted.

The incurrence of unforeseen expenditure and the preparation of a supplementary appropriation bill is standard practice each year. The amount of unforeseen expenditure in the 2015-16 budget represents 0.74 per cent of the published budget and is consistent with the level of unforeseen expenditure incurred over the previous three years. The *Consolidated Fund financial report*, which was tabled at the same time as the introduction of the bill, contains explanations of all the unforeseen expenditure incurred by departments and this information supports parliament's understanding and debates of the bill. I commend the bill to the House.