Speech By

Hon. Curtis Pitt

MEMBER FOR MULGRAVE

Record of Proceedings, 1 December 2016

MINISTERIAL STATEMENT

State Finances

Hon. CW PITT (Mulgrave—ALP) (Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport) (10.22 am): I have good news for Queensland. Today it gives me great pleasure to table the 2015-16 report on state finances.

Tabled paper: 2015-16 Report on State Finances of the Queensland Government—30 June 2016 [2220].

This report details the actual outcomes for the 2015-16 financial year, which is our first full financial year in government. My first budget was designed to restore growth and services to Queenslanders after three years of cuts and negativity. The 2015-16 report on state finances serves to further demonstrate the government's achievement of the economic strategy outlined in the 2015-16 budget and continued in the 2016-17 budget.

Members will recall that the 2016-17 budget estimated actual surplus for last year was $152 million. Today I can report to the House that the net operating surplus for 2015-16 was $970 million—that is, $818 million higher than forecast. That is the largest surplus in a decade and it has been achieved in the face of challenging domestic and global economic conditions. The 2015-16 outcome and the improved surplus are driven by stronger than expected revenues and a lower depreciation expense following a review of asset lives for road infrastructure. The stronger revenues are in a range of areas, including departmental sales of goods and services, dividends and tax equivalent payments from government owned corporations, and royalty revenue.

At 30 June 2016, general government borrowings were $35.486 billion, which is below the estimated actual and, more importantly, significantly below the LNP's 2014-15 budget projection of $48.023 billion and the 2015-16 budget of $38.151 billion. In keeping with Labor's key principles around delivering responsible economic management, that reduction in debt has been achieved without job- and confidence-destroying policies, without cutting services, without increasing taxes on Queenslanders and without selling our state owned income-producing assets.

At 30 June 2016, total state debt, including the debt serviced by the commercial operations of our government owned corporations, which thankfully are still in public hands, was lower by $2.3 billion compared with the actual level of debt a year earlier. The report on state finances also details the government's achievement of the fiscal principles established in the 2015-16 budget. Those principles underpin the government's commitment to managing the state's finances responsibly, restoring front-line services, building the infrastructure we need, attracting investment and encouraging innovation to continue to transition our economy away from the mining boom.

Non-financial public sector gross borrowings of $72.922 billion were $7.697 billion lower than the 2014-15 budget projection under the former government. That outcome was $1.191 billion lower than the 2015-16 budget. Relative to 2014-15, the GGS gross borrowings decreased by $7.619 billion in 2015-16, while revenue increased by $1.23 billion. Accordingly, with lower debt and increased revenue, the general government sector debt-to-revenue ratio has improved significantly, falling from 87 per cent in 2014-15 to 70 per cent in 2015-16, as a result of the government's debt action plan. The report on state finances also details that the FTE result, like for like with the budget in 2015-16, is just 0.1 per cent, or 286 FTEs, higher that the budget estimated actual.

The report on state finances represents further confirmation of the government's disciplined and methodical approach to improving the state's financial position. It is consistent with the recent commentary of credit rating agency Standard & Poor's in affirming Queensland's credit rating, noting 'very strong economy, strong financial management and budgetary performance, and low contingent liabilities'. It also noted—

Upwards rating pressure could occur in the next two years if the government successfully implements its debt action plan and contains expenditure growth reducing its total tax-supported debt in line with 'AAA' rated domestic peers.

That is more positive than the October 2014 analysis, which stated that 'upside rating potential is unlikely within the next two years'. Similarly, the Moody's updated discussion of key credit factors for Queensland identified improved results following a period of high deficits as a credit strength. It has taken a Labor government to restore Queensland's economy to higher growth, lower debt and lower unemployment, and to restore confidence in Queensland's future. We will continue our focus on jobs, on infrastructure and on service delivery, particularly for regional Queensland.