Speech By

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MEMBER FOR BURNETT

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APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL; DUTIES AND OTHER LEGISLATION AMENDMENT BILL

Mr BENNETT (Burnett—LNP) (10.58 am): In this 2016-17 Queensland state budget, we have again seen comments that have been vague and mostly seem contradictory. The smoke-and-mirrors plan seems to have a couple of main elements or thought bubbles. The budget injects funds from the Queensland public servants' defined benefit fund into government owned corporations to seek project finance from the private sector. The government is continuing to spend as only Labor can—with no plan for the future.

There has been plenty of controversy over this government's plans to raise funds from investors and government owned corporations. This highlights the many dangers with playing smoke-and-mirrors and not attacking or achieving any real change—a sad day for Queensland. What should be highlighted is this Treasurer's use of language that suits the needs of the government when talking about government finances. When the Treasurer talks about 'the budget', he is referring to the general government budget, which excludes government owned corporations—which this government has loaded billions of dollars of debt onto the balance sheets for future generations of conservative governments to deal with. This lot will never achieve a positive budget outcome. They are using smoke and mirrors and treating the electorate like fools.

We know that the world economy continues a slow recovery from the global financial crisis and that superannuation funds are also struggling. We have heard from Reserve Bank governor Glenn Stevens, who stated that the world's really low interest rates are putting increased pressure on superannuation funds. There are many speaking out against these raids on superannuation funds. The Future Fund has just posted its first negative quarter performance in almost four years. With discussions around poor investment outlook, especially here in Queensland, one wonders with all these challenges facing the superannuation sector why this government would raid the capital of the state's defined benefit superannuation fund to plug the increasing black holes in their budgets. It will be disastrous to the great state of Queensland.

In the words of Queensland's independent Auditor-General, the Palaszczuk government's first budget was full of short-term strategies. In 2015-16 the state budget included some desperate measures including stripping $3.4 billion out of the long service leave entitlement pool reserve, increasing debt on government owned corporations by $4 billion and of course instituting a freeze on those superannuation contributions for public servants. The Auditor General's report to this parliament was critical of the now all-too-common hollow-log raids becoming commonplace and strongly suggested that the government apply more permanent solutions to reduce debt. We know that these raids, which have been condemned by the Actuaries Institute of Australia and many Labor Party senior members, will mean that the long service payments will now have to be funded through more Labor debt into the future. This is again another example of our grandchildren being responsible to pay down this government's ever-increasing debt liabilities.

In acknowledging that once these funds were always free from political interference, the state will not have the capacity to weather another financial crisis. Queensland was the envy of all the other states and successive governments for having fully funded long service leave and superannuation. The big problem with this short-sighted raid on Queensland's defined benefit fund is the fact that the fund is volatile like many other funds. In the period prior to 2008, the returns of these funds varied between minus five per cent and 21 per cent. During the global financial crisis the defined benefit fund was in deficit. It was reported in the *Australian* that in the last two reporting periods the fund has missed its investment target by nearly a billion dollars. Given the financial sector's concerns about Queensland government investment returns, those who have taken investments through government bonds know the present investment returns are below the long-term bond rate—and Labor has made the decision to freeze superannuation contributions.

There are now many who believe that the reported surplus could disappear rapidly if there are any market failures. We should be concerned about what tricks and smoke-and-mirror antics this government will have to produce next budget to fund its unfunded election promises and out-of-control expenses growth. In reviewing this budget we find it makes next to no mention of the clear election commitment and the legislation that was passed in this House recently regarding the merger of Queensland's electricity generation and distribution assets to scrape out meagre annual savings. We all heard many times during the campaign of this government's grand plan to deal with their legacy debt issue. This budget was silent on committing two-thirds of the dividends of income-earning assets towards debt in the future and a plan that supposedly was going to raise $12 billion over a decade. Both dodgy deals were shot down by economists; they were part of a two-card trick to get through an election campaign. What Queenslanders got instead is a plan that puts at risk one of Queensland's greatest fiscal advantages over the rest of Australia—our fully funded Public Service entitlements.

Labor are trying to argue that GOCs pay off their own debt using their own revenues anyway. We all shrug our shoulders as if this is not a problem. The problem is that Queensland taxpayers are ultimately responsible for the debts of these businesses. That is exactly why there will not be any positive action from the ratings agencies as they measure the debts of the whole government sector against a state's revenue, even if money is being moved across to different balance sheets—a real problem for ratings agencies into the future.

What has not been disclosed is that loading the energy networks up with maximum debt now reduces their capacity to fund future capital works with retained earnings, meaning either they have to carry more debt with a reduced capacity to borrow, or they will require an equity injection from the state, as we do for CS Energy and Stanwell. Tens of millions of dollars from taxpayers is required every year to sustain these assets, but we hear from those opposite that these are the important revenue-earning assets.

What successive Labor governments do not acknowledge or ever deal with is debt and debt reduction. Servicing that debt must be done one way or another. What would happen in an economic downturn? It is much like what happened in 2009 when Labor was elected and only later revealed it planned to sell assets. What Queensland has received this year is an underwhelming budget, underdone because nothing will change in relation to the cost-of-living pressures, and debt levels will continue to rise—something we receive from traditional Labor budgets.

As has been well reported, the 2016-17 Queensland budget is scathing in its disregard for public finance accounting standards. We now know that, as Labor has opened the door to these dodgy and deceitful raids on government owned corporations, not content with a lazy $4.1 billion from the most recent raid, more work will be done to find even more idle cash.

What is most disturbing in this post-GFC, post-mining boom decade of low interest rates with an obviously stalled global economy, which appears to be getting worse every day and highly volatile stock market returns, is that Queensland Labor would recommend cutting the relatively small surplus in these superannuation schemes to zero. In keeping with a typical Labor budget, there is no acknowledgment that Queensland finances are in no state to restart the spending trajectory of the Bligh-Fraser years. The 2010s has been and will continue to be the toughest decade for Australians. Per capita, incomes have been falling and the domestic and global outlook remains uncertain. Whereas other Australian governments have heeded these warnings and reined in debt and spending, Queensland thinks it is a special case, believing that it will be saved by liquefied natural gas exports.

There is very little doubt that Queensland's finances will be downgraded again. The only thing that has saved them recently was a credible Liberal National Party treasurer who was able to tell a convincing story of fiscal repair. I have said consistently that in all integrity people cannot be moved off the unemployment queue into a classroom to be trained in programs that failed previously for jobs that did not exist because, unfortunately, this government is doing nothing to grow the economy and stimulate the infrastructure spend we desperately need. We also know that, instead of looking to the private sector, Labor is just growing government and is hiring another 6,000 public servants at a cost of $1 billion. These types of poor Labor policies were predicted before the election. Here we go again!

Honourable members can be assured that there is nothing good in Labor's proposal to phase out sandmining on North Stradbroke Island, and that has been well prosecuted in this House previously.

We have seen much made by those opposite about the preannounced federal government road projects and previously announced local projects. What is concerning is the lack of infrastructure, especially for the Bundaberg-Burnett region. We were bitterly disappointed that no flood mitigation projects were announced. Of course the hydrotherapy pool cuts were not refunded and there was no funding for the urgent safety upgrade to Kay McDuff Drive. Thankfully, the federal coalition has intervened so the state Labor government's infrastructure freeze will be averted.

I am also glad that our master plan for Mon Repos turtle visitation centre and research facility has seen round 2 funding to allow our master planned upgrade to continue from the work done in 2014. I must thank Bundaberg and North Burnett Tourism for their continued pressure to ensure this vital project was not ignored.

Our region will benefit from the funding of the Childers auxiliary fire and rescue station replacement. I know that the people of the region will welcome the forecast forward estimates from the 2014 announcements of the Bundaberg replacement fire and rescue station, incorporating the new ambulance station and gas pipeline to the mighty Burnett port.

An honourable member: The mighty?

Mr BENNETT: The mighty; I take that interjection. We do acknowledge the importance of water security for the region, so the funding for the ongoing Paradise Dam improvements was essential. We welcome that funding.

We have heard a lot about jobs, but I cannot identify any new money for my region that will generate the much needed jobs. We hear that this government will introduce many of their failed training programs, including announcing $750 million for vocational training. The majority of this was already announced last year. In my region we have seen announcements that destroy—things like the Bundaberg Safe Night Out strategy, which will destroy jobs. I acknowledge that those opposite have not ceased our commitment to more police and teachers. Of course, we must continue our pensioner concessions. I know that people in my electorate will welcome those announcements. Police are going to need the numbers and resources, and Labor is continuing its form of going soft on crime. We put a shout out that we need more vehicles in my region.

With the huge demand for infrastructure in the regions, Labor's Building our Regions had a $70 million budget allocation last year, but only $406,000 of that budget was actually spent. With the huge demand for infrastructure in the regions, we must get a better result. The reality is the LNP's Royalties for the Regions program, which Labor scrapped, delivered more last year than Labor's own Building our Regions program.

The big new tax—Labor's rego slug—means a four-cylinder car now costs $300 more to run. This is before including CTP insurance and the government's traffic improvement levy. We know that this is nothing new for Labor; the Bligh government increased car registration by 30 per cent. Under the last four years of the Bligh Labor government, car registration increased by 30 per cent. That is why we froze car rego for the term of our government. We know that running the family car is expensive and the LNP has committed to keep rego increases for the family vehicle to the inflation rate so Queenslanders can have a fair go.

The reality is that this budget delivers very little for Bundaberg and those hardworking men and women of the region. Employment growth is down; jobs are now drying up in the region through a significant lack of confidence; and unemployment is up and continues to rise after we stopped the upward pressure. I will be sad to expose this deteriorating state to my local area.

Labor promised to create jobs for young Queenslanders, but in the first 18 months of the government we have seen youth unemployment rise and fewer Queenslanders starting or completing apprenticeships and trainees. Labor is good at spending taxpayers' money but terrible when it comes to delivering real outcomes and jobs for Queenslanders. They talk about training for training's sake, and we talk about skills and training that leads to real jobs. Labor's flagship bureaucracy Jobs Queensland had not even started, despite being the relevant legislation passed by parliament eight months ago. Labor's only plan for jobs was to employ Labor mates like Peter Beattie, Terry Mackenroth, Steve Bredhauer and John Battams.

I will reiterate some of the things that have been spoken about this week: 5,500 fewer apprenticeships, traineeships and school based apprenticeships and traineeships have been completed in this financial year; there were 1,800 fewer apprentices and traineeships commenced in Labor's first nine months as opposed to the same period in 2014; youth unemployment has increased, particularly in my region where it is up to about 20 per cent. Thankfully, we are developing our policies to start fiscal repair, and I respect the position of those in my region who have been completely neglected by this government.

I am happy to discuss what we will do in relation to some cost-of-living issues. Our car rego pledge is out there for everyone to know about. We will keep car registration increases to the inflation rate for our first term of government. With regard to petrol price transparency, an LNP government will legislate so that fuel retailers have to display the undiscounted price of the most popular product. Of course our law and order stance against criminal gangs would be sustained. An LNP government would recommit to a red-tape-reduction target to ease the cost of doing business here in Queensland.

Our announcement about a container deposit scheme was a great thing for the environment and would also generate some benefit to the economy. An LNP government will reinstate and refine the flagship Royalties for the Regions program to boost jobs and help regional communities meet critical infrastructure needs.

The Service Delivery Statements for the Department of Housing and Public Works has shown an increase in costs and a reduction in assistance for housing services. It also shows the government's new Fairness Review has shown an increase in underoccupancy in government owned and managed social rental housing. We also see a forecast reduction of department owned social rental dwellings in acceptable condition. In general, the majority of measures flag a reduction in target expectations with one notable exception. We see a forecast increase in average wait times for allocation of assistance with government managed social rental housing for clients with very high or high need. It is concerning that new measures introduced only predict a 54 per cent new service standard demonstrating effective facility utilisation, so half the number of buildings for effective utilisation is very underwhelming.

All ministers are issued a charter letter upon their appointment. The minister received his in January this year, and it sets out the Premier's expectations as to what should be achieved in the minister's portfolio over the remainder of the term. It is interesting to note that a significant number of the items refer to reviews, and of course these are on the final page of the document: a Retirement Villages Act; a full review of housing policies; a review of findings of the Senate Inquiry into Affordable Housing; a review of security-of-payment laws; and a review of government procurement practices. This raises a number of questions. While it is sensible to review existing practices, procedures, policies et cetera, what plan did Labor have before it took government? It appears that the government is now chasing around for something to do. It clearly had no plan when it assumed office and, like so many other ministers, this minister has to review every aspect of the portfolio.

This long list of reviews calls into question how the minister's predecessor filled in her time throughout 2015. How come most of this reviewing had not been completed under the previous administration? The second half of the term should have been concerned with implementing the results of these reviews, not waiting around for someone to tell the minister what should happen. This is typical of the Labor government. It had no plan when it took office and now has to waste the bulk of its term seeking answers to questions it should have answered in opposition. These issues do not appear to be resolved by this budget.

The LNP introduced a number of reforms to deal with problem tenants. If Labor wants to unravel these important reforms with a 'fairness' policy, Queenslanders will need to know the details before they put this into place. There are issues with the cost of construction of government housing and what measures the government proposes to keep costs under control. If nothing is done, we will simply see more money being spent on fewer homes. This will mean that there will always be a shortfall in public housing, which is something that Queenslanders should have expected to be resolved. It is evident that the budget is lacking any innovation and reinforces the idea that government must do things differently if it is to get on top of the public housing shortage. Involving the private sector should be a key component, as would be the case in any future approved LNP policy. Again, raising these issues now will lay sound foundations as we all need to develop policy alternatives in the future.

Page 4 of the Service Delivery Statement sets out some of the charter letter matters, including the inquiries. It is unfortunate that the government sees an inquiry which it should already have undertaken as a highlight. On page 9 it states that a new Office of the Chief Adviser (Procurement) will be established from 1 July this year, and we just wonder who will be up for that job. Page 3 points out a list of challenges that the department is facing in the coming year, but there is limited evidence that they are in a position to adequately meet these challenges. This highlights the need to do things differently and the need for the government to examine innovative ways of doing business. This department is potentially one that will suffer from the government's general economic mismanagement. As the money runs out the temptation will be to cut services in the areas where they are needed most. As with housing, it tends to be expensive. Ultimately, it will be those who can least afford it who will be asked to pay for the government's economic recklessness.

In conclusion, unfortunately for the future of Queensland this is a budget of raids, rip-offs and writedowns.