




Speech By  
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**MEMBER FOR CHATSWORTH**

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

 **Mr MINNIKIN** (Chatsworth—LNP) (7.30 pm): I rise tonight in response to the Palaszczuk government's second budget. Abraham Lincoln once famously stated, 'You cannot escape the responsibility of tomorrow by evading it today.' That profound statement epitomises the second 'Pitt the Younger' budget. Let me begin my budget reply speech with where I left off last year when I stated—

As they will sadly learn, you cannot play catch-up tennis with financial management. At some stage, you have to pay back the piper. This sleight-of-hand budget will come back to haunt the government during the remainder of their time in office. It is a one-off sugar fix that lacks vision and true economic reform in their quest to chase short-term political populism. This budget fails future generations by avoiding the tough decisions required to be made by this generation. Unfair, intergenerational debt will continue under Labor.

So much for the one-off sugar hit. Unbelievably, this government raided the right-hand side desk drawer last year and has now raided the left-hand side desk drawer. It is indeed a budget of raids, rip-offs and writedowns.

In addition to the delivery of the state budget at this time of the year there is, of course, another extremely important activity that also occurs. I refer to next week's second State of Origin match. Whilst on the rugby league field we may be going in ahead having won the first match, I am disappointed to say this is the only way we are ahead of New South Wales right now when we look at state finances and economic performance. According to Budget Paper No. 2, page 5, Queensland's general government debt is forecast to be \$37.775 billion for 2016-17. If one includes non-financial public sector borrowings, debt is estimated to be \$75.270 billion over the same time period. I was very interested in comparing and contrasting our position to that of our fierce interstate rivals south of the border and so I undertook a little exercise. According to that magnificent research bureau, the Queensland Parliamentary Library research section, the estimated resident population, the ERP, of Queensland is 4,832,491 citizens as at 15 June 2016—a couple of days ago. This represents \$7,816.88 of general government debt per capita. However, if we look at debt per capita including the non-financial public sector borrowing it equates to, per capita, every Queenslanders, \$15,575.82.

By way of economic comparison, the New South Wales 2016-17 budget will be released on 21 June this year. Forward estimates in the 2015-16 budget, the half-yearly review, show \$5.108 billion of government debt for 2016-17. The New South Wales population for 2016 is 7,708,850 people. Therefore, based on this data, New South Wales' per capita debt is \$662.62. For the benefit of the economic illiterates across the chamber, let us repeat the economic State of Origin scorecard once more. Queensland's per capita debt is \$15,575 per head versus New South Wales per capita debt at \$662. I am not sure about other members, but I know which side I would rather be on in this particular game.

Despite raiding hollow logs for two years in a row we still pay as a state approximately \$450,000 per hour in debt interest. If our state credit rating is downgraded—hopefully not, but if it is—this interest bill naturally increases. As I stated in my budget in reply speech last year, every budget needs a contextual framework to underpin it. Since being elected this government has continually stated it is all about jobs, jobs and jobs. The 2016-17 Budget Highlights document lists under the title the contextual framework of this budget as job-creating innovation, investment and infrastructure. If you cannot stimulate the economy as they were hoping to do with last year's failed budget what is there left to do? Buy jobs! As the editorial in the *Australian* newspaper stated on 15 June—

Instead, Annastacia Palaszczuk and Mr Pitt have set out to buy jobs, allowing public sector staff costs—mainly in health and education—to balloon by 7.3 per cent (more than five times inflation) this year, with a further 4.9 per cent increase forecast for next year.

How has the \$10 million investment in Jobs Queensland been going? Having an economics background I read with keen interest Budget Paper No. 2, page 106, section 5.3.1 pertaining to employee expenses. The accompanying chart 5.3 shows it all. The wages bill for bureaucrats is ballooning by a billion dollars a year in Queensland—

**Mrs Smith:** How much?

**Mr MINNIKIN:** A billion dollars a year! I take the interjection from the member for Mount Ommaney. That hired 10,000 extra public servants over the past 12 months. Incredibly, government departments have overshot employment targets by 4,104 workers during 2015-16 on top of the 6,177 additional staff they were supposed to hire. Full-time-equivalent staff numbers soared by 10,281 to a record 210,000 public servants. The bloating bureaucracy will recruit 5,087 more staff in 2016-17 fuelling annual wage costs by 4.9 per cent to nearly \$21 billion. According to Natasha Bitu writing in the *Australian*, also on 15 June, in the past decade, the Public Service has swollen by 24 per cent from 160,000 to 210,000 employees.

I have asked this in the past and it is worth revisiting: does this government truly understand how to rework capital on a balance sheet, what about the notion of elasticity of demand, how about risk spread using the 10-year bond rate as a starting measure? Those opposite have no idea. Over the last couple of days I have listened intently to Labor backbenchers who are maintaining their democratic socialist party line speaking points, regurgitating their budget in reply speeches with many—in fact, most—incorporating their speeches into *Hansard*. As is evidenced by many of their career backgrounds, as I stated last year, what worries me is their lack of fundamental economic business precepts and concepts. What I continue to find appalling though is that some of the culprits, such as some of the current ministers responsible for driving the state into the ground with a massive debt burden in the failed Bligh government, have come back into this 55th Parliament. Their lack of real world business acumen continues to be truly breathtaking.

As was the case last year, members on the other side of the chamber have been hoodwinked by their own leadership team into thinking that the fiscal principles adopted in this smoke-and-mirrors budget are actually sustainable in the medium to long term. Like the vacuous lemmings they are, they eagerly accepted their USB sticks with their pork barrelled goodies and now simplistically chant 'ALP good, LNP bad'. Judith Sloan recently wrote, again in the *Australian*—

There are very real dangers in raiding the super fund, particularly as it comes on top of the decision last year by Pitt to suspend contributions for at least five years. The issue with actuarial assessments that demonstrate the scheme is overfunded is their sensitivity to small changes in key variables. A surplus can quickly disappear as these variables change.

The bottom line is this: resorting to fancy financial accounting, raiding the super fund and getting government-owned corporations to load up on debt (last year's trick) won't resolve the massive financial black hole that is the key feature of Queensland's public finances.

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The day of reckoning will come and, it is not far away.

I believe that other members on this side of the chamber have used that exact quote.

As I have mentioned previously in the chamber, I have tutored in economics next door at QUT. Similar to my comments last year, this budget is lightweight, lacking in long-term vision and true reform. It merely delays the inevitable fiscal pain and, yet again, would not pass muster as an undergraduate assignment. Much to my dismay, there are a few basic precepts that members opposite fail to fundamentally come to grips with. In my speech on the budget last year, I mentioned that throwing ever-increasingly large amounts of money into key government areas such as health and education is not in itself a measure of success.

Every government proudly boasts that theirs is a record budget spend on X, Y or Z. It is certainly true that state government services and activities need to be adequately funded to provide for our citizens, but it is about the effectiveness of outputs and not just input efficiencies. As I keep repeating over and over to members opposite, it is what you actually do with the resources, rather than just throwing money at an issue. Labor's mentality is based on the false premise that to improve an aspect of public policy one simply needs to throw more money at the problem, rather than look at how to best achieve outcomes by looking at the efficiency of all business inputs and the effectiveness of all of those outputs.

The 2016-17 budget handed down a couple of days ago is most definitely a budget for the future—that is, the future of intergenerational debt and deficit. The Labor mantra of jobs, jobs and jobs is really spend, spend and spend. This is a budget that claims to be focused on innovation, investment and infrastructure, but it is not. The only innovation I see each year is new innovative ways to steal from Queenslanders and then promote operating surpluses and debt repayments, while debt actually increases over the forward estimates. It is a budget that has seen \$4 billion ripped out of the defined benefit scheme to pay for its deliverables. Treasurer Pitt has now set out to put Australia's most secure Public Service superannuation fund at risk. Tellingly, the State Actuary recommended that only \$2 billion—and we have heard this, already—be utilised, but incredibly the Labor government ignores that sage advice and rips out \$4 billion. Simply put, the Palaszczuk Labor government is indeed playing Russian roulette with the Public Service superannuation fund.

This is another smoke-and-mirrors budget. It is fiscally irresponsible. There is nothing fair about making our children pay for the irresponsibility of this government's broken promises. It involves stealing from Queenslanders to pay for a list of projects that deliver very few cost-of-living benefits. It is a budget that sees the cost of living for Queenslanders continue to grow, with the hikes on car registration creeping up higher and higher to be amongst the highest and most expensive in the country. The only infrastructure I see from this budget is the construction of broken promises and tall tales, as well as underpinning in infrastructure. The ALP cannot even commit to their own commitments. I will say it again: this budget is a budget for future generations, as future generations will be forced to pay for the decisions made today by the Palaszczuk-Pitt government.

What are some of the lowlights? Would the following pass muster at the public bar? Would it pass muster at the Carina Leagues Club tonight or tomorrow night? What we have is a budget that claims to boost employment, but unemployment continues to rise. We have a budget that claims to build new infrastructure, but has record low infrastructure spending. We have a budget that claims to lower debt, but instead has it increasing. We have a budget that sees Public Service expenses rise, incredibly, at six times the population rate. We have a budget that sees taxes and charges increasing at twice the inflation rate. No, I do not think it passes the public bar test at all.

Last year the Labor Party raided entitlements from the right-hand drawer by shifting \$4 billion of debt onto government owned enterprises and, just as irresponsibly, this year it is taking \$4 billion from the left-hand drawer which contains public servants' superannuation. Indeed, it will be interesting to see what assets will need to be sold to have that \$4 billion materialise as it is not a pile of gold coins sitting in a vault, contrary to what some of the tyros across the chamber must think.

According to the 2016-17 budget papers, revenues are set to rise by 3.2 per cent, with the current spend to increase slightly below that at 2.9 per cent. The state's ability to meet those targets will be challenging given commodity price forecasts, which will necessitate strong fiscal resolve to control current spending. I agree with the comments that have come from both sides of the chamber that past behaviour is the best way to predict future actions. As we have seen with the current crop of new members, it does not seem to matter which Labor Party members come or go: in their DNA they all share an absolute inability to understand what expenditure containment and debt control is really all about. We must always remember that on past form they have a proven track record of year-on-year expenditure growth of 10 per cent. That is unbelievable. It is why we are in the mess we are in today. The economic geniuses and neophytes across the chamber need to remember that extreme year-on-year expenditure growth that was undertaken by the end of the Beattie government and elevated to a new art form by the Bligh government has massively contributed to the financial position that the state finds itself in today. The key take-out message is that Labor's prodigious appetite to spend and spend knows no bounds.

Like last year's budget, there is another problem here: according to table No. 2 on page 5 of Budget Paper No. 2, overall non-financial public sector debt will climb to \$77 billion by the end of Labor's term in 2017-18, which is around the same figure as when they took office. Just like 12 months ago, the democratic socialists will have merely come full circle. So much for their much taunted debt repayment strategy. It is another series of myth busters taken to a new extreme. It has amused me to see the ALP

lemmings across the chamber begin many of their speeches by congratulating the Treasurer on his sound economic stewardship.

As I did last year, I give the government credit for at least one section of the 2016-17 budget. That may be found in Budget Paper No. 2 on page 145 at point 7.1.2 under 'Opportunities for reform'. This process represents an opportunity for Queensland to ensure reforms align with objectives to clarify federal-state relations, improve sustainability and the efficiency of Queensland's revenue base, and address vertical fiscal imbalance. I have already spoken in this chamber on these issues and I intend to do so again in the future, as VFI is critical to this state. True to form, the Palaszczuk Labor government has handed down a budget that has been propped up by raids, rip-offs and writedowns. Incredibly, even with the economic sleight of hand, over the next four years Labor will still spend \$2.3 billion less on capital purchases than we committed to whilst in government. This government promised to pay off net debt, but the budget sees an increase to net debt of \$7 billion. Our debt is now climbing towards \$79 billion and it is becoming clear that there is no plan to fix it. This government is, indeed, asleep at the wheel. Last year, the Treasurer predicted the employee expenses would grow at 5.3 per cent. However, he is now forecasting growth of 7.3 per cent. That is almost six times our state's annual growth rate.

As I mentioned last year in my speech on the budget, all politics is local, so I will discuss the budget in relation to my great electorate of Chatsworth, which sadly and predictably will not take all that long. The worsening traffic congestion on Old Cleveland Road will continue and residents can continue to ruminate this fact as they pay extra for their car rego. Similar to last year, I note in Budget Paper No. 3, the Capital Statement, the Queensland State Velodrome funding of \$6.5 million is provided for, along with \$14.8 million for the Belmont Shooting Centre, as part of the Commonwealth Games preparation.

I have been working tirelessly with the Gumdale State School community to put the motions in place for their school master plan to occur. I lobbied hard for funding to be committed to stage 1, to improve amenities for local students and teachers, centred around creating much needed building canopy space by constructing a new sports oval on adjoining Department of Education land. I am proud to state that this final stage of the project is nearly completed and will be opening in coming weeks.

However, as far as this year's budget is concerned, the cupboard is bare for the good burghers of Chatsworth. With more than 34,000 constituents, 10 incredible schools, three of which are independent public schools, two major feeder roads that connect eastern Brisbane with the Brisbane CBD, and a major shopping centre, Carindale Westfield, I am simply amazed at how little my constituents will receive from this budget. Like all people, those people work hard, pay their taxes and abide by the law. What do they get? Continued budget funding into two sporting facilities, compelled only because of the upcoming Commonwealth Games. Like many members, I still have schools without wi-fi, air conditioning or fans, with maintenance issues and roads that are listed as some of the worst in Queensland in terms of congestion. What my electorate needs is a responsible government; a government that can see the needs of each electorate, instead of pork-barrelling and investing solely in their own seats.

It is interesting to watch this government reward the people who vote for them. I will be the first to admit that we lost the trust of Queenslanders at the last election. However, Queenslanders did not vote for a government to take their superannuation, they did not vote for a government to thrust \$4 billion worth of debt onto their power companies, forcing electricity prices to increase. I have said it before and I will say it again, they are economic tyros.

With regard to what my wonderful constituents are receiving in this 2016-17 budget, it is closer to nothing than it is to something. Notwithstanding this, I will continue to fight for my great seat of Chatsworth. I will continue to lobby the government to ensure they receive what they are equally entitled to.

In closing, this budget, like last year's budget, is disappointing on multiple fronts. As I mentioned in my first speech, our role and responsibility as a government is to provide an opportunity deposit slip for all Queenslanders and not an entitlement chequebook. It is our responsibility as the government to be an enabler of opportunity and not a provider of assumed entitlement. This budget fails to offer on this compact.