




Speech By
Steve Minnikin

MEMBER FOR CHATSWORTH

Record of Proceedings, 15 June 2017

**APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL; REVENUE
LEGISLATION AMENDMENT BILL**

 **Mr MINNIKIN** (Chatsworth—LNP) (9.58 pm): I rise tonight in response to the Palaszczuk government's third budget. At the end of the Treasurer's budget speech I unwrapped the budget pack plastic wrap and was not holding out much hope for many budget items in my wonderful electorate of Chatsworth. Instead, I eagerly turned to page 7 of Budget Paper No. 2 and scanned the overview of table 2, 'General Government Sector—key fiscal aggregates'—and there it was: the real state of play. Over the forward estimates the total debt for 2020-21 is projected to be in excess of \$81 billion. Yet again, in the finest of Labor traditions, this is another budget of higher debt and larger deficits. Over the next four years debt is going to balloon by \$9 billion up to \$81 billion. Tellingly, that represents \$15,800 of debt for every man, woman and child in Queensland. Annual debt interest costs will remain around \$3.6 billion or almost \$10 million a day. This do-nothing Labor government is forecasting two wafer-thin operating surpluses in 2017 and in 2018-19, according to Budget Paper No. 2, table 2, but these are based on optimistic revenue assumptions actually hitting their mark.

The budget also forecasts fiscal deficits as far as the eye can see. Fiscal deficits over the next four years will total \$11.6 billion. Worryingly, expenses have blown out by 7.2 per cent in 2016-17 or \$3.6 billion under Labor—way above previous forecasts and more than four times the inflation rate. As I have always said, every budget needs a contextual framework. Since being elected 2½ years ago, this inept, do-nothing Labor government has stated yet again that it is all about jobs, jobs and jobs.

Both the Premier and the Treasurer this year have used the slogan and spin of 'a jobs bonanza'. There is no argument that in itself this is a noble goal and one of the key pathways for achieving this is through the budget document. Last year the word 'job' came up approximately 45 times in Treasurer Pitt's budget speech. Labor's so-called jobs bonanza budget will yet again have little impact on overall unemployment. It is pure spin with no tangible substance. According to the continuous economic tyros opposite, in their own Budget Paper No. 2 the unemployment rate is expected to remain at or above six per cent.

Let us again try out the old pub test here for the third budget in a row. If I offer you a financial plan based on creating a jobs bonanza and a couple of years down the track the unemployment rate has not moved using your own projections and input assumptions, would you buy this budget as a true jobs bonanza blueprint? Like last year's failed budget attempt, it is absolute smoke and mirrors by the junior tyro Treasurer, who, after three attempts at handing down a budget capable of being sold politically, is completely and utterly out of his depth. I am sure the member for Woodridge is measuring up the curtains in the current Treasurer's office for the pending job promotion. The notion of focusing on jobs is indeed noble, but how is this going to be achieved within the rest of the government's own supporting statements?

The budget shows no dint in the unemployment figures over the forward estimates. As I stated last year, it merely reinforces the notion that this government was unprepared and never fully expected to win the last election. The Treasurer has had 2½ years to learn the fundamental accounting equation and is yet to come to grips with it.

The seeds of our current financial and economic malaise were planted within days of this do-nothing government coming to power 2½ years ago. I reiterate that, despite what past titular heads and party elders profess, there was simply no detailed plan—none. Despite the resources of Treasury around him, the Treasurer's lack of financial and economic nous knows no bounds. I put it to members of this House who have been around many years: have you ever seen such a nonevent as this budget? 'Mr Risky' is indeed now 'Mr Invisible'. Yet again with remedial undergraduate precepts, has the Treasurer ever heard of funding contingent liabilities? Does this government truly understand how to re-work capital on a balance sheet? Does the notion of opportunity costs ring a bell, or how about risk spread using the 10-year bond rate as a starting measure?

This budget is so lightweight and lacking in long-term vision and true reform that it merely delays the inevitable intergenerational fiscal pain. I want to emphasise a key concept for the benefit of the lemming-like members opposite. This is a basic precept that those opposite have failed to fundamentally grasp for the third year in a row. Throwing ever-increasingly large amounts of money into key government areas such as health and education is not in itself a measure of success. It is about the effectiveness of outputs, not just input efficiencies. Simply put, it is what you do with the resources rather than just throwing money at an issue or spin your way out of trouble.

Those of us who come from the real corporate sector understand this notion very well, as funding streams need to be maintained by sound financial management planned over several budget cycles. Here lays the rub. This budget has yet again been used as a political tool to appease, amongst others, union masters and has been conjured up to play well from a retail political perspective. The problem is that the Treasurer has been invisible, and his colleagues know he is not a competent salesperson.

Predictably, the budget accolades being sprouted by key unionists were akin, for the third year in a row, to getting a letter from mum or dad saying how good is their child. Members on the other side of the chamber have been hoodwinked yet again by their own leadership team into thinking that the fiscal principles adopted in this smoke-and-mirrors budget is actually sustainable in the long term. As they will sadly learn, you cannot play catch-up tennis with financial management.

As I have previously stated in this chamber, at some stage you have to pay back the piper. It is another one-off sugar fix from this do-nothing Labor government that lacks vision and a true sense of economic reform in their zeal 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 yet again under Labor.

Let us again cut to the chase. This budget truly does not hide behind smoke and mirrors to disguise its uncertain economic footing, and not content to rely on economic sleight of hand Labor thinks nothing of casting aside now inconvenient election commitments for the third year in a row. The Treasurer's promise of no tax increases has been shelved as we have seen with the recent announcement on car registration increases. Compare and contrast family car registration with our policy of freezing costs for the next three years.

The biggest job creator, however, appears to be the government itself. Employee expenses continue to grow out of control, with the Palaszczuk government once again missing its previous forecast for employee expenses growth as the number of public servants surges again. Total employee costs have blown out by a whopping \$5.6 billion, but despite paying more Queenslanders are getting less with continuing Child Safety crises, a rail fail, crime rates on the rise and the return of ambulance ramping.

It is not just these key areas where Queenslanders are being let down. Crime increased last year across this state by around six per cent. Is it any wonder with the CCC budget going backwards? The LNP introduced tougher laws, cracking down on organised crime with an increase in investment. You cannot do that when you start to cut into budgets. Despite what the Treasurer would have Queenslanders believe, in table 2 of Budget Paper No. 2 the general government sector key fiscal aggregate shows that debt will continue to rise year after year.

There is still a problem here, though. Overall debt, including money owned by state owned businesses, will climb by \$72 billion by the end of Labor's term in 2017-18, which is around the same figure as when they took office. They will have merely come full circle. So much for their energy and their much touted debt repayment strategy—mythbusters taken to a new extreme by the invisible Treasurer.

As members on this side of the chamber know, real growth comes from the private sector. This budget again highlights that Labor does not care about small business. There are no new measures in this budget targeted at small business. There is no tax relief provided for small businesses struggling with costs like payroll tax. There is nothing in this budget to show small business that government is indeed serious about getting out of their way and slashing red tape.

Is it any wonder the CCIQ panned the budget, saying there was nothing in it for small business? Labor's prodigious appetite to spend and spend simply knows no bounds. As I have always said, past behaviour is indeed the best way to predict future actions. It does not seem to matter which Labor Party members come or go; they all share in their DNA an absolute inability to understand what expenditure containment and debt control are really all about.

Labor members always talk big on infrastructure, but how many times does the all-talk no-action Deputy Premier begin another infrastructure update for the House with a 'let me be clear' statement? In 2015-16 Labor failed to deliver \$2 billion, or 20 per cent, of its total infrastructure spend. In 2016-17 Labor failed to spend \$1.7 billion of its capital program. Capital purchases in 2016-17 are now estimated to be \$6.9 billion. The original budget estimate was \$8.3 billion. This is a cut—and I will do the maths for those across the room because they cannot do it—of \$1.4 billion. Seriously, what is their problem? So much for a jobs bonanza. Labor cannot even get the money they have identified for projects out the door. Queenslanders are paying the price for Labor's lack of investment in infrastructure.

While speaking of infrastructure, as a member who resides in the eastern suburbs of Brisbane, I would like to address Cross River Rail. As a former assistant minister for public transport, I acknowledge that this infrastructure project is needed, along with many other infrastructure requirements, but let us look at the real facts. The true cost of the Cross River Rail project is \$14½ billion, with \$5.4 billion for capital costs, that is true, but also \$4½ billion for operating costs and \$4½ billion for auxiliary project costs.

The Palaszczuk Labor government need to be up-front with Queenslanders and release this secret business case. The Premier espouses that her government is open and transparent, so they should release the business case unredacted as it is now. Labor have committed \$2 billion for this project, but where is the other—wait for it—\$11.3 billion coming from? We still do not know. My problem is not the need for this piece of infrastructure but how this do-nothing Labor government—which spruiked before the last election that they could manage the economy all right without these geniuses selling assets, increasing taxes or cutting services—will fund it. How are they going to fund it?

As I have done previously, I do give the government credit for at least one section of the budget, and that may be found in Budget Paper No. 2 on page 127 under section 7.1, 'Federal financial arrangements'. The Productivity Commission inquiry into horizontal fiscal equalisation, HFE, presents an opportunity for Queensland to provide a submission to the federal inquiry in support of the principle that all states should have fiscal capacity to provide similar levels of services and infrastructure. That is noble enough. I have already spoken in this chamber on Commonwealth-state financial relations and competitive federalism in past speeches and I intend to do so again in the future as this issue is critical to the state.

As we all know, all politics is local, so in my wonderful electorate of Chatsworth, the traffic congestion along Old Cleveland Road will again continue and residents can ruminate on this fact as they pay extra for their car registration. I note in Budget Paper No. 3, the Capital Statement, that funding of \$1.7 million is provided for the Belmont Shooting Centre and \$519,000 is provided for the velodrome as part of the Commonwealth Games preparation. I sincerely wish there was more I could say about my local electorate in this budget speech, but sadly there is nothing further contained in the budget.

As part of my budget speech, I would now like to comment on the budget as the shadow minister for Aboriginal and Torres Strait Islander partnerships and multicultural affairs. Indigenous councils and communities have seen their infrastructure funding drop in this budget. Funding for infrastructure in Indigenous communities has been slashed to pay, probably, the first \$2 billion for their Cross River Rail project. The Indigenous land and infrastructure program has decreased by \$2.6 million, while the Indigenous State Infrastructure Program has been cut by \$2.1 million. Obviously, the Palaszczuk Labor government does not understand just how far this funding goes in Aboriginal and Torres Strait Islander communities, as the projects funded by these jobs also support and create local jobs. While an additional \$7½ million in funding for the Queensland government's response to the national Closing the Gap report is welcome, Minister Furner has been silent on what targeted strategies will be implemented to improve the Closing the Gap indicators. In relation to multicultural affairs, there is \$1 million for the Celebrating Multicultural Queensland Grants Program, which I noticed is the same as last year, and \$2.2 million for the Community Action for a Multicultural Society Program, CAMS, which is up \$100,000 from last year. This is consistent with the LNP's funding for these important budget items.

In closing my budget speech, I want to say that this budget is disappointing yet again on multiple fronts. It continues to lack vision. Now that is a word I did not hear a lot of—'vision'—unlike the word 'jobs' which was mentioned 54 times. The budget continues to lack vision and an appetite for true economic reform, it does not adequately fund imperative infrastructure, it continues the theme of intergenerational debt and it is an undergraduate attempt to mask the essential fact that the Labor Party know they erred by hastily rushing through sneaky amendments to our voting system with, as other

speakers on this side of the chamber have said, 18 minutes notice. They are now paranoid about shoring up inner-city seats, such as South Brisbane, and several regional seats. Remember that the Deputy Premier could only garner 42.7 per cent of the primary vote at the last election and she knows, as we all do, that Greens preference flows will be crucial to her survival. Some 2½ years later, the old democratic socialist playbook is well and truly back in operation. Sadly, as I have said before in this chamber during the two previous Labor budgets, it will be future generations that will also be made to pay a price for this short-term economic sugar fix without fiscal substance.

Mr Pegg interjected.

Madam DEPUTY SPEAKER (Ms Farmer): Order! Member for Stretton, you are contributing significantly to the volume of conversation in this House and I ask you to desist.

Mr MINNIKIN: A real politician of conviction and substance once said, 'You cannot escape the responsibility of tomorrow by evading it today.' That man was Abraham Lincoln. Those across the chamber always proclaim there is dignity in work. We wholeheartedly agree. Maybe though they should have thought about that when framing a budget that will keep unemployment at six per cent.