Speech By
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MEMBER FOR TOOWOOMBA SOUTH

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APPROPRIATION (PARLIAMENT) (2020-2021) BILL

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Mr JANETZKI (Toowoomba South—LNP) (Deputy Leader of the Opposition) (2.00 pm): There were 539 days between Queensland budgets. On 11 June 2019 the former member for South Brisbane delivered a budget that she said was all about choices. Then the Labor government chose to squeeze over a billion dollars more in tax from the Queensland economy, the Labor government chose to cut spending on infrastructure and the Labor government chose to increase debt to $90 billion. On Tuesday the Treasurer rose in this House to deliver what should have been one of the most important budgets in Queensland's history. It should have been a budget that rebuilt Queensland's economy after a year without precedent—floods, fires and a virus that has shut down the world's economies. It should have been a budget that restored confidence, created jobs and built a future for Queensland families. It was not.

It should have been the kind of budget that has been delivered by the federal Morrison government and the New South Wales Berejiklian government—once-in-a-generation budgets that were ambitiously setting the foundations for future prosperity. Rather than kicking Queensland's economy into gear, this budget has left our state to continue idling. Really, it is just a continuation of the Palaszczuk Labor government's visionless leadership. Even before COVID this approach had led Queensland to have the nation's worst unemployment, most bankruptcies, highest state debt and lowest business confidence.

Instead of reform, Labor has raided over $12 billion from public servants' superannuation and government owned corporation balance sheets: $3.4 billion raided from the government employee long service leave scheme in the 2015-16 budget, $2 billion from suspending the government's contribution to the defined benefit scheme in Labor's 2015-16 budget, $2 billion raided from the defined benefit scheme surplus in Labor's 2016-17 budget, and over $5 billion raided from government owned corporations in the 2015-16 and 2016-17 budgets. Instead of growth, Labor has taxed more than $4 billion in just two terms—$2.2 billion plus in its first term and $1.8 billion in its second term. Instead of responsible fiscal management to steady the balance sheet before a macro-economic shock, for six years Labor has broken nearly every one of its fiscal principles as it borrowed, taxed and recklessly spent.

Before COVID, the economic management of those opposite pushed Queensland's debt to be the highest in the nation. Labor had cooked our budget long before COVID hit, and I do not just mean the six years of the Palaszczuk Labor government. Who could forget that when the member for Clayfield became treasurer in 2012 it was on the back of fiscal deficits? When the member for Clayfield became treasurer in 2012, it was on the back of fiscal deficits since 2006-07 totalling $45.3 billion. For some of that time the Labor cabinet included the Premier and now Treasurer. In 2005, as Labor's massive debt binge really began, a Queensland school leaver did so with a state debt burden of $3,900. By 2024, it will be nearly $24,000. That is Labor's legacy. Labor's debt racked up on the credit card long before a global pandemic.

As our state went backwards this year, Labor spent big on advertising promoting a document that had fewer pages than the number of local governments in Queensland, a document that was a continuation of 'business as usual'. In fact, at the same time that Labor released its business-as-usual plan, the government's own Productivity Commission issued a stark warning that a return to pre-crisis economic growth will leave the economy running below its potential, limiting growth in the living standards of Queenslanders. This stark warning from the Queensland Productivity Commission has fallen on deaf ears. In fact, instead of listening to the Queensland Productivity Commission to spur growth, the Treasurer has revoked the commission's independence by dissolving it into its own department.

Labor refused to deliver a budget before the election. Instead of being honest with Queenslanders before they went to the ballot box, Labor shamefully hid the true state of the budget. It was planning on borrowing seven times more than the $4 billion for its election commitments, it was planning on cutting the Queensland Health budget during a pandemic, it was planning on cutting the department of agriculture budget during a drought and it had cut $1.3 billion from the state government's infrastructure program, worsening our state's recession. As the Property Council of Australia has stated, this budget is a missed opportunity to attract job-generating investment. The Property Council's statement on Queensland's budget rightly states—

Queensland's biggest competitors—New South Wales and Victoria—have adopted big thinking, and ambitious budgets that focus on infrastructure, tax incentives and major reforms with the unashamed intention of spurring on private sector investment.

The Property Council went on to say—

What we have seen in Queensland is a budget that doesn't tackle this challenge. It's more 'business as usual' than a budget for unprecedented times.

While the New South Wales budget has provided record stimulus and major new infrastructure projects, Queensland's budget has delivered a record amount of debt with no tangible change in government net worth. Labor's $28 billion of new debt will increase the Queensland government's net worth by only $150 million. That is a return of less than half a per cent. Only the Palaszczuk Labor government could invest $28 billion of debt to get a return of less than half a per cent. Contrast this to the New South Wales government, which is investing to build, investing to grow and investing to build back stronger post COVID. Over the same four years the net worth value of the New South Wales government will increase by $30 billion, delivering a 47 per cent return on borrowings—not less than half a per cent but a 47 per cent return on borrowings. That is what can be achieved by a government that has ambition and is able to manage the economy appropriately.

This budget blows out Queensland's borrowings to a record $130 billion in four years. Unbelievably, Queensland debt is on track to rise nearly $60 billion in just six years, and that was off a base of $75 billion at the start of the Palaszczuk Labor government. Most of this debt is being run up simply to manage the government's everyday operations. Too little is being invested in state building infrastructure that would underpin our economic growth for the generations ahead. In this regard, Master Builders Queensland described the budget as leaving commercial building with a 'blurred vision of the future'. What infrastructure projects are on the agenda must be delivered as soon as possible to deliver a surge to the economy. Master Builders calls on the government to 'actually get on with spending this money, particularly on public buildings, and by further investing in social housing'. With Queensland's debt-to-revenue ratio due to increase from 104 per cent to 172 per cent across six years, S&P and Moody's will be taking a very close look at the structural limitations of our budget and there are now legitimate concerns about Queensland being placed on a negative outlook in the medium term.

Never forget the legacy of the Labor Party. They lost our AAA credit rating in 2009 before the storms and before the cyclones. They ran dry the rivers of gold from the mining boom long before anyone knew what 'GFC' stood for. They built the path to increase debt and our credit rating downgrade in those years, and the Treasurer and the Premier were in the thick of it as Bligh cabinet ministers.

The Treasurer is forecasting that at 6.5 per cent Queensland is still likely to have the worst unemployment rate in the nation in 2024—a whole 1.25 per cent higher than New South Wales is forecasting and higher than Western Australia and Victoria. With unemployment stubbornly high, Pradeep Philip, head of Deloitte Access Economics, noted that 2021 needs some heavy policy lifting to change that forecast.

In the last financial year, the size of our state's economy declined for the first time in recorded history and this decline was the second largest in Australia. Queensland was the only state in Australia to record a negative nominal growth rate. The private sector, with all its entrepreneurship and risk taking, must lead us out of this economic challenge. The Chamber of Commerce & Industry Queensland has rightly labelled the Treasurer's first budget as a rear-view-facing budget that fails to deliver immediate recovery measures. The CCIQ stated—

The Palaszczuk Government continues to rely on previously announced measures and hasn't produced any longer term competitive inducing reform which our economy and business needs.

As the CCIQ rightly states—

> As it's crucial to remember business confidence was at all-time lows before COVID, we fear that we are falling back into old habits by remaining negligent to what is truly needed by the small-business sector to recover and thrive.

Instead of rising to the occasion to chart a course for a new and more prosperous chapter for Queensland, this budget maintains Queensland's status quo at the bottom of all national economic indicators. There are also obvious downside risks to revenue forecasts with GST, royalties and state taxes, including payroll tax and duties, down $12.3 billion over four years. The assumptions relied upon in the budget come with downside risks too. Who can forget that previous Labor governments relied on figures, including 14 per cent year-on-year income growth from transfer duty, when there was simply no chance of ever recording such a result, or their ever outlandish wage growth assumptions under the Bligh Labor government which often turned out to be two or three times under the actual wages growth number?

This week the Palaszczuk Labor government was the last government in the nation to provide a significant budgetary response to COVID and now, as the last state government in the nation to deliver a budget, the Palaszczuk Labor government has failed to deliver an economic plan that will rebuild our state. What we heard from the Leader of the Opposition this morning was a vision for the future, a vision to begin laying the groundwork now for the construction of necessary infrastructure and the process of incentivising business growth. Over the past two terms of government before COVID an average of just 3.6 per cent of annual government revenue was spent on infrastructure, compared to 8.1 per cent in New South Wales and 7.6 per cent in Victoria. This underinvestment in the necessary infrastructure required for Queensland to grow is holding us back. As stated by the RACQ—

> Ultimately, failure to address this gridlock now will lead to much higher costs in the future. If we don't act, we'll struggle to stymie the flow on effects of lost productivity.

If the Queensland government continues to underinvest in infrastructure we will fail to meet the new demands created by a growing population and this will come at a cost not only to the state budget but also to our way of life. That is why as a priority Queensland must work with the federal government to bring forward infrastructure projects and build them as soon as possible.

Queensland cannot afford four more years of having the worst unemployment rate, the worst business confidence and the most bankruptcies in the nation. Queenslanders deserve a government with ambition—a government with ambition to have the lowest unemployment rate in the nation, not one that is satisfied being the highest; a government with ambition to invest in nation-building infrastructure projects, not one that is too afraid to deliver big capital works across the state today; a government with the ambition to grow the value of our state, not one that is happy to allow state net worth to flatline.

This budget should have been the budget that laid the foundations for a decade of prosperity, but this budget has no new major infrastructure projects, no new major job programs, no new reforms and no new relief for Queensland households. It is the 'business as usual' approach that the Productivity Commission warned will result in the economy running below its potential, limiting growth in the living standards of Queenslanders. That is a fail mark for the Treasurer's first budget and for the Palaszczuk Labor government, and all Queenslanders will be worse off because of it.