Speech By

David Janetzki

MEMBER FOR TOOWOOMBA SOUTH

Record of Proceedings, 27 May 2021

DEBT REDUCTION AND SAVINGS BILL

Mr JANETZKI (Toowoomba South—LNP) (Deputy Leader of the Opposition) (11.24 am): Over the last couple of days I thought that I might have missed out on the opportunity to speak to the Debt Reduction and Savings Bill given my absence from the House, but it was so pleasing to see the additional 17 speakers added to the speaking list as the government said, 'You know what? We're going to have to filibuster. We're going to have to blather on. We're going to have to go back through the dim, dark ages to try and drag out this debate', so those opposite added speakers. We know how little is on the *Notice Paper*. We know the threadbare agenda that this government has, at the very least—

Mr DEPUTY SPEAKER (Mr Kelly): Pause the clock. I am struggling to see the relevance of this contribution so far. I would bring you back to the long title of the bill.

Mr JANETZKI: I am coming to that, Mr Deputy Speaker; it is all context. So it is pleasing that I am able to make a contribution to the debate in relation to this bill. There are a couple of key topics that I want to explore at more length later, including the AAA credit rating and a range of other tricky accounting issues, but I did want to start off by the making the point that the member for Kawana has already made—that is, that a bill that has remarkably taken 264 pages in content has not achieved anything that its title seems to suggest, not in any way, shape or form. What it does is continues this government's history of a lack of transparency and its choosing of dodgy accounting over real economic solutions on every single occasion. I am going to start—

Mr Bailey: Your costings were dodgy.

Mr JANETZKI: I take the interjection from the member for Miller because he is talking about costings. As I recall it, when we saw the budget from the Treasurer in December we had only envisaged $4 billion worth of borrowings and what the budget delivered in December was seven times the amount of foreshadowed borrowings announced prior to the election—a $28 billion broken promise, and the member for Miller must know that that is the truth. There was a $28 billion broken promise in borrowings from the time of the election to post the budget in December.

The bill sets out to achieve a number of things. It seeks to create a separate legal entity out of the titles office and place that asset with the Queensland Future (Debt Retirement) Fund, applies indexation to fees and charges in the general government sector, repeals the Building Queensland Act, amends the National Injury Insurance Scheme, amends the Public Safety Business Agency, repeals the Queensland Productivity Commission and related amendments, and amends the Financial Accountability Act.

The one thing that this bill does not actually address is any of the economic challenges that Queensland faces—slack wage growth, the rental crisis, housing affordability or the collapse in private investment. Labor has condemned our future generations to the millstone of debt with no plan to grow. This inactivity can best be seen by the fact that revenue has grown by 16 per cent over the last five years whilst expenses have grown by 28 per cent in that same period, with debt increasing by around $50 billion.

Labor cannot manage the economy, as demonstrated last year during the election when it promised a $4 billion increase in debt, which, as I have already stated, ended up being $28 billion. Labor has lost Queensland's AAA credit rating, and I will come to that again shortly. This condemned Queensland to billions of dollars more in interest expenses over the years. That is money that has been taken from hospitals, schools and police.

The current crisis we are seeing in our hospitals can be directly traced back to that moment. And now we have this bill which, prima facie, sounds as though the government has a plan to address debt and save money, but the bill and Labor's plan are as superficial and facile as anything else produced by this Labor government over the last three decades. The debt grows and grows, but not on borrowings to build assets that would drive Queensland's economic future, just on borrowings to keep the lights on. The title also suggests that there may be savings. The Treasurer in his first reading speech promised $3 billion in savings over four years. Savings against what, you might ask? Well, we do not really know. It might be on a forecast that lives somewhere on someone else's computer.

One of the fiscal principles of former treasurer Jackie Trad was to keep expense growth in line with population growth. The Queensland population grows around 1.2 per cent per annum on average. Expenses have grown at around 5.6 per cent per annum. That is a fiscal principle that lasted very little time. What does this bill really achieve? From what we heard at the public hearings, $3 million in savings, but what is a few more zeros between Labor's comrades.

As I have stated, the history of economic management by the Labor Party since 2009 has been one of abject failure. In the Treasurer's second reading contribution he made some comments about the credit rating of Queensland. I want to note for the record that the Treasurer stated—

… in the last decade the only material change to Queensland's credit rating occurred when the member for Clayfield was the Treasurer in the LNP Newman government and Queensland was put on a negative outlook.

The Treasurer gets pretty cute with the facts, but this is extraordinarily cute. He used the words 'in the last decade'. It was in 2009 that the Labor government oversaw the downgrading of Queensland's credit rating. It might not be within the decade that the Treasurer very cutely noted in his second reading contribution, but it is misleading for him to leave out the true facts. The true facts are that he was in cabinet when this Labor government oversaw the downgrading of Queensland's credit rating. This was a state that went bust in the middle of a boom.

At the height of commodity prices and coal royalties throughout Queensland's history, the Labor government, in which the Premier was a member of cabinet and the Treasurer was a member of cabinet, oversaw the downgrading of the credit rating. For the Treasurer to come in and deny the facts is misleading. We know how much it actually played on the Treasurer's mind, because if members recall, after the 2012 state election there was a whole range of Labor ministers that had disappeared, but if there was one person that was more disappointed than any of the Liberal National MPs at the time of the 2012 election it must have been the Treasurer, the erstwhile member for Greenslopes, because at a time in 2012 when ex-premier Bligh, the former member for Sandgate—

Mr BAILEY: Mr Speaker, I rise to a point of order. It has been some minutes since the member has addressed the bill. It is a fascinating historical bit of fiction, but he is not addressing the bill.

Mr DEPUTY SPEAKER (Mr Kelly): There is no point of order. The member is being broadly relevant to the bill.

Mr JANETZKI: The member for Miller might not have been here at the time, but it would be timely for the House to recall what the Treasurer, the erstwhile member for Greenslopes, had to say. At the time, ex-premier Bligh was not saying anything; the former treasurer, Andrew Fraser, was not saying anything; the now member for Sandgate was not commenting; Kate Jones, the member for Ashgrove at the time, was not commenting on the economic performance of the Labor government during those last three years of the Bligh era; but the now Treasurer decided to make a few comments.

Incidentally, they were comments about the AAA credit rating, the very AAA credit rating that he denied in his second reading contribution was ever downgraded under Labor—or he failed to acknowledge that it was downgraded under the Labor government. I will quote the Treasurer from a *Brisbane Times* article of 30 July 2012—

I do think Labor fell into the error, or seriously miscalculated and under-estimated the desire for Queenslanders to hold onto the AAA credit rating ...

In his second reading contribution, however, he left out Labor's overseeing of the downgrading of the credit rating in Queensland. We have to understand what is driving the Treasurer in this sleight of hand that we are seeing in this bill when it comes to the Titles Registry. He does not want to be seen as the Treasurer who is overseeing a potential further downgrade to the credit rating of Queensland.

He knows the damage it did to the Bligh government and he will do anything, including a sleight of hand, to make sure that it does not happen again. When the Treasurer starts talking about the Titles Registry we know what is driving that decision.

As stated by the Queensland Auditor-General in his report into state finances in 2020, the defined benefit fund is now technically insolvent from an accounting perspective. Now we can draw a straight line from the loss of the AAA credit rating, the raid on workers' entitlements and the hiding of the debt in the government owned corporations to this very bill. The Debt Retirement Fund was planned to be ring fenced and held against the value of the debt. It would not repay any debt, merely offset it. This would then reduce the debt-to-revenue ratio which would, in turn, hold off any further credit rating downgrade. The cash assets that were held there could be invested to make a return and, at best, pay down a slight amount of the annual interest repayment expense.

The initial plan for this Debt Retirement Fund was to take a further $3 billion from workers' superannuation funds. However, as I stated earlier, there are no more assets to move because the fund is technically insolvent on an accounting basis. Last year, the government owned corporations wrote down over $1 billion in assets, including some assets that were not even installed or ready for use. In total, there is about $4 billion less on the balance sheet than when the fund was first discussed.

That brings us to the establishment of Registry Co which the government has stated will be worth at least $4.1 billion, a somewhat coincidental figure. This would then be placed into the Debt Retirement Fund in place of the entitlements raid. I wish to focus on the amount—at least $4.1 billion—just for a moment because that is an interesting valuation to say the least. We have two very recent comparison points for that value from other states in the Commonwealth. In 2017 New South Wales privatised its titles registry at a value of $2.6 billion and in 2018 Victoria raised $2.85 billion when it privatised its titles office. The deals were both done with First State Super. New South Wales was on a 35-year lease and Victoria was on a 40-year lease.

I will go on the record and state that I do not believe in privatising the titles office. The Torrens system underpins our land transfer process and nothing should be done to compromise that. In my professional life I have worked in both the UK and Australian legal systems and I know firsthand how lucky we are to have the Torrens system in place. However, as demonstrated by the New South Wales and Victoria process there is obviously value in the titles office as an entity. There is no question about that. The valuation here in Queensland simply does not stack up from an arm's length transaction perspective. Given the fact that New South Wales and Victoria were valued over decades it would suggest that the terminal value rate or earnings multiple applied to the Queensland Titles Registry is either too low or too high respectively.

In the instance of Queensland, the government is not proposing to sell the registry to a third party, they are simply creating the asset and then selling it back to themselves at a prima facie inflated value. When the Deputy Under Treasurer was asked at the public briefing as to how the value was derived, the response was a vague 'done independently based on revenue'. We do know the basic theory of how valuations are derived. What we were seeking was the actual detail of the valuation and questions remain about that. How much revenue does it make? What is the cost base? How much does the government pay to CITEC to run the titles search platform on its behalf? If the market is willing to pay 50 per cent less for bigger titles offices, why would they pay this much for Queensland's?

Again, the Queensland government lacks transparency. The Titles Registry does not make money for the government; it collects fees on behalf of the Queensland people and for the benefit of the Queensland people. They have a right to know how this valuation was calculated. Based on all available evidence there is a strong chance that the valuation is overstated. The implication of that is the valuation will have to be written down to something more reasonable at some stage in the future and, on the back of that, a potential breach of a debt-to-revenue covenant. Then where will we be? We will need to create another asset out of another government department and capitalise that.

Eventually we will run out of departments and accounting trickery. At least moving superannuation funds into this fund involved actual assets that could be invested and a return made. That would at least have helped to pay down some of the extra billions in wasted interest expenses that all Queenslanders have had to bear over the years. We call for transparency on this valuation to ensure that certainty is provided that this is not just dodgy accounting that will ultimately expose Queenslanders to higher interest costs in the future.

I now turn to the abolition of the Queensland Productivity Commission and Building Queensland. The effective abolition of those two agencies proves, once and for all, that Labor have no commitment to transparency beyond election cycles—in this case, two election cycles. Both agencies started with apparently noble intentions. However, one succeeded and one failed. Let us start with the failure. Building Queensland was introduced with great fanfare by the Palaszczuk government in 2015. The act established a body to provide governance on infrastructure projects along with associated business cases, but what has it achieved? Its existence has not stopped the government from committing to significant infrastructure investments without a business case—the Gabba redevelopment; prevented cost blowouts—for instance, the southern Queensland correction facilities; or led to the development of credible project business cases—Cross River Rail.

The success has been the Queensland Productivity Commission and the former treasurer, the member for Mulgrave, should be congratulated for establishing that strong, independent policy voice for Queensland. The Queensland Productivity Commission was established to review complex economic and regulatory issues and propose policy reforms to government. Over time it has been starved of purpose and now it is to be removed. Six matters were investigated in 2017 alone but only five since then. Only one matter was referred in 2020. The Queensland Productivity Commissioner has reviewed important matters such as electricity prices, service delivery in remote Indigenous communities and, most recently, improving regulation. In 2020 the Queensland Productivity Commission released a report demonstrating that productivity had declined under Labor since 2015.

Even more recently, in March of this year the commission provided a regulatory blueprint for the way forward out of COVID-19. It outlined that countries with more efficient regulatory regimes are more likely to experience smaller economic contractions and faster recoveries. This is because efficient regulatory regimes allow resources to be rapidly reallocated to respond to the crisis or to be redeployed to newly productive opportunities, limiting the economic and social costs of a crisis. The commission estimated that Queensland business expenditure to comply with state regulation could be in the order of $3.5 billion and $7 billion each and every year, that is, $7,000 to $15,200 per business every year. That totals approximately one to two per cent of Queensland gross state product. By improving state regulation there is a chance to improve public sector productivity and potentially free up resources to support the delivery of public services. Relevantly, as reported by the commission, gross spending on administering and enforcing regulation in Queensland is likely to be in the order of $2.6 billion to $3.1 billion per year.

The report also made reference to the growth in regulatory burdens. The last count of Queensland regulation in 2013 identified over 72,000 pages of legislation and 265,000 separate regulatory requirements. Since then more than 300 new acts have been passed and over 1,600 subordination regulations made. Between 2018 and 2020, 107 acts were passed and only 12 repealed. The commission argued that regulation needs to be reviewed regularly to ensure its continued relevance and effectiveness. In fact, 11 per cent of all Queensland acts have not been amended in the past 20 years.

The real reason the commission is disappearing into the bureaucracy is because it has consistently and independently pointed out what the Labor government is doing wrong. It has consistently and independently pointed out what could be done better and what reforms could be made. When the Treasurer complains about slow wage growth and the commission offers up ideas on how to increase wages or boost the Queensland economy, it is ignored because the government does not like the message. When the commission issues a report entitled ‘Building economic resilience’ that may, for example, highlight how labour participation can be improved after an economic shock such as a pandemic—again, Queensland has an underperforming participation rate—the recommendations will be ignored.

Given that the Treasurer and the government are so totally out of ideas, one would think that they would be looking anywhere for help but they are simply rolling the Productivity Commission into the bureaucracy to shut down their independent voice. The government may be out of ideas or busy dismissing them but they are full of blame: Canberra, COVID, CommSec, commentators; it does not matter. This also speaks to the attitude of the Labor Party to transparency and its lack of belief in any independent thought.

I turn briefly to the printing of public notices. The bill removes the need for governments to publish public notices in print newspapers. It is proposed that public notices be published on the social media page of the relevant government department. To justify the proposal, the Treasurer has stated several locations that no longer have a newspaper in print. I note that the Treasurer said that News Corp, for example, made the decision to cease the publication of daily newspapers in Mackay, Rockhampton, Gladstone, Bundaberg and on the Fraser Coast. However, all the locations listed by the Treasurer have locally printed independent newspapers. Those newspapers rely on varying sources of revenue to stay afloat and the publication of public notices forms part of that revenue base. The Country Press Association also raised issues in relation to a loss of transparency in relation to the change.

As someone who grew up in rural Queensland, I can tell the House that independent newspapers, in many cases printed by independent proprietors, are small businesses comprised—

Mr McDonald: They're the social fabric.

Mr JANETZKI: I take the interjection from the member for Lockyer who knows this all too well from his electorate. They are a part of the social fabric of our society. In the electorate of the member for Lockyer they may have three newspapers but I know that in the electorates of the members for Condamine, Nanango and others they have many more independent newspapers. For the government to so flippantly dismiss the importance of government notices in local newspapers is wrong. It is no surprise that a Labor government would take a shot at News Corp without getting to the bottom of the real story, which is that local newspapers are run by local people. They are local businesses run by and for local community members who want to hear their stories told right across regional and rural Queensland. It is short-sighted for government notices not to be published in print newspapers. That is another reason they are seen as out of touch with the regions.

I want to comment briefly on the amendments relating to the tattooing industry, which I saw on Facebook were being withdrawn by the health minister. Over the past five or six years the government has had serious form in relation to how they manage the regulatory and legislative processes. We have seen bills pulled. We have seen bills substantially amended and, in fact, nearly rewritten as in the case of a racing bill that I recall from many years ago. We have seen amendments made at the last minute that have not gone through processes. We have seen optional preferential voting discarded without any reference to a parliamentary committee, oversight from cabinet or public consultation and this is another example of that.

The tattooing industry, which is comprised of many small business owners, said that there was a lack of consultation. It makes you wonder how the government is actually running their consultation processes when it comes to drafting legislation because, time and again, we see changes and withdrawals made at the last minute and amendments introduced without any consultation or reference to industry. We see that again here with the tattooing industry. My hope is that the government will go away, consult and get these amendments right.

I want to return briefly to the economic argument. This bill was an opportunity for the Treasurer to lay out his marker. We have heard a little bit over the last couple of days that all will be revealed in the budget in the next couple of weeks, but we have been waiting six years now for an economic vision and we are still to see anything from this government. To see this, we only need go through some of the economic indicators. We saw again today in the media reference to the lack of spending on infrastructure. We know that 12 per cent of the Queensland budget goes to infrastructure. In other states like New South Wales and Victoria it is 20 per cent. I am looking forward to seeing the Treasurer ramp up those numbers to invest more in infrastructure that will deliver economic productivity right across our great state of Queensland so that we can start to see some income-producing assets that deliver prosperity in the longer term.

I turn to a couple of other measures that I hope the budget, in a couple of weeks time, starts to address. We have the most bankruptcies in Queensland. Across the nation, 4½ thousand people went bankrupt in 2020. We know we have some of the lowest levels of private sector investment. Post COVID, it will be up to the private sector to pick up the slack and make sure our economic future is sound. The Labor government will not be doing what it needs to do; it will be up to the private sector. When I see sluggish private sector wage growth, when I see sluggish private capital expenditure in Queensland, it worries me that, without a plan from this state government in this particular bill and a worrying budget in the next couple of weeks, it will be up to the private sector to pick up the slack and make sure that Queensland's economic future is a positive one. We know this because that is what the private sector is looking for.

One of the things that concerns me most about this bill, the Debt Reduction and Savings Bill, was that no major economic development body actually made a submission. What does it say when the CCIQ, the Property Council, Advance Cairns, the Toowoomba and Surat Basin Enterprise and economic development boards from across the state are not even interested in making a submission to this bill? What does that say about this government's performance and the expectations of the private sector that it will improve anytime soon? I put it to the House that there is no expectation that this government knows what to do to improve productivity or knows what to do to improve our infrastructure spend. We know that it is out of its depth when it comes to health. We know that across the board this government is lacking in ideas, and what we need more than anything else is ideas. We need to unleash the productive capacity of the private sector because this state depends on it.

This bill has fallen so far short of the mark that the CCIQ, the Property Council and UDIA have not even made a submission. When you marry that up with the private sector investment numbers on capital expenditure and with sluggish private sector wage growth, it tells you that the private sector has no confidence whatsoever that this government will in any way, shape or form deliver a productive agenda and will deliver a budget that works for all Queenslanders.

What we have is a pointless, misleading, terrible bill that takes us nowhere. It is simply preoccupied with the Treasurer making sure that he does not oversee a credit rating downgrade. The bill is not visionary, and my fear for Queensland is that the budget in three weeks time will not have the vision we so desperately require. When you roll up the Productivity Commission and when you have a private sector that is so disengaged with the process and what the government is proposing to do, we have problems in Queensland. It is past playing a small target. It is time for the Treasurer to find productivity measures in Queensland and do it fast because our state depends on it.