

State Budget 2013-14

Budget Speech

Budget Paper No.1



Great state. Great opportunity.



2013–14 State Budget Papers

- 1. Budget Speech**
 - 2. Budget Strategy and Outlook**
 - 3. Capital Statement**
 - 4. Budget Measures**
 - 5. Service Delivery Statements**
- Appropriation Bills**
- Concessions Statement**

The suite of Budget Papers is similar to that published in 2012-13.

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APPROPRIATION BILL 2013
(First Reading Speech, 4 June 2013)

TREASURER

The Honourable Tim Nicholls MP
Treasurer and Minister for Trade

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Madam Speaker

I move that the Bill be now read a first time.

INTRODUCTION

In March 2012, the Queensland people voted overwhelmingly for change. They voted to break the cycle of waste and mismanagement, together with the debt and deficits that were the hallmark, indeed the habit, of the former Government.

Queensland had lost its way, surrounded by a fog of deficits and beset by a storm of debt, imperilling our future prosperity and future opportunities.

Madam Speaker, on the 11th of September last year I stood in this place and delivered the most important Budget in a generation.

That Budget charted the journey back to financial responsibility. It set out the way points to get Queensland's finances back on track and back in the black. That Budget was to see us landing at a fiscal surplus in 2014-15. And at the time I said:

“Maintaining that balance, in the absence of extraordinary events, will complete the first stage in repairing Queensland's finances”.

We are well on our way on that journey now, but we have run into extraordinary events. And our journey back to a fiscal surplus will be, perhaps, longer than we first planned and hoped for.

We know now with some accuracy that we were blown off course by ex-Tropical Cyclone Oswald and the summer of natural disasters to the extent of \$2.5 billion in damage and between \$500 million and \$750 million in lost economic production.

More broadly, we have also been beset with falling revenues, as has much of Australia. And like the albatross around the neck of Coleridge's Ancient Mariner, we still have the burden of Labor's debt and the loss of the triple A credit rating.

While we meet this afternoon in the shadow of the natural disasters and a battered world economy, it is not the time to lament these misfortunes; it is time to pay the bill. We knew that this would be a long, sometimes treacherous journey but, Madam Speaker, if it was easy those opposite would have done it. That they failed to do so shows the magnitude of the task. But we

would be letting Queenslanders down if we didn't continue with the journey and see it through to safe harbour.

In many respects this journey has become harder since last year's Budget. This year's Budget has again been framed in a challenging external environment. The revenue environment is weak and Queenslanders have again had to deal with the devastation of natural disasters.

The national economy is trying to manage the transition from an unprecedented peak in mining investment back to consumption in the broader economy on a more normal basis. It is a fine balancing act and confidence is the key.

Last year I concluded my first Budget speech around the theme that "confidence is everything". That is as true today as it was then. The Queensland Government will do its part in building confidence by being unashamedly pro-growth. We will make Queensland the best place to invest and do business in the country.

Last year we took the steps necessary to improve our finances. I said that my hope was that no Queensland Government would need to undertake a repair task of such magnitude again. It would be disrespectful to Queenslanders if we simply threw those gains away. This Budget locks in those gains. It makes good on our promise to deliver frontline services. It is not a frivolous or fanciful Budget. It does the hard yards up the middle that Queenslanders need to get their State's finances sorted out.

The Government will continue to be upfront about the challenges we face and take the community with us on the choices we need to make. The one thing we won't do is kick the can down the road for our children to solve our problems.

But in 2013-14, our focus rightly turns to growth, rebuilding and the resilience of people and communities.

THE ECONOMY - GROWTH

Madam Speaker, the Queensland economy grew strongly in 2011-12, recording growth of 4 per cent.

In 2012-13, spending by businesses and households is expected to contribute less to growth, as mining investment approaches its peak and the impact of the 2011-12 one-off boosts to consumption pass.

Despite these changes, a strengthening in exports will see overall economic growth ease only slightly in 2012-13, to 3.5 per cent.

Economic growth in Queensland's major trading partners in 2013 is estimated to be 2.75 per cent, similar to that recorded in 2012. Growth is anticipated to strengthen to 3.25 per cent from 2014 onwards, with non-Japan Asia continuing to be the main driver of growth. However, these rates remain below the annual average of 3.7 per cent in the decade to 2007 immediately preceding the global financial crisis.

Looking ahead in Queensland, sustained low interest rates and stronger population growth are expected to strengthen spending by the household sector.

The pending completion of \$60 billion in LNG projects will see business investment fall from its historic highs each year from 2013-14 to 2015-16. Business investment will continue to feature prominently, but not in the way it has in the previous decade.

This Budget forecasts economic growth of 3 per cent in 2013-14. This places Queensland with a State growth rate second only to WA and above the national growth rate of 2.75 per cent. Over the forward estimates economic growth is predicted to average over 4 per cent.

The ramp up in LNG production by 2015-16 will lead to growth in overseas exports of 23 per cent in 2015-16 which, combined with a stronger domestic sector, will boost economic growth to 6 per cent in that year. While these figures underpin our confidence for the future we need to recognise they are the product of the export of gas. We need to continue our work to strengthen and grow the other pillars of the economy that employ so many Queenslanders.

In this Budget, we see a strengthening household sector and increasing exports which will support a recovery in employment growth from 2013-14 onwards and a steady improvement in the unemployment rate, from 6 per cent in 2013-14 down to 5.5 per cent in 2015-16.

Employment growth is forecast to rise to 2.75 per cent per year by 2015-16.

The Queensland economy remains strong and is growing.

2013 NATURAL DISASTERS – REBUILDING

Madam Speaker, early this year, Queenslanders were once again cruelly confronted with the hardship and challenge of natural disasters.

Ex-Tropical Cyclone Oswald and the flooding that followed brought destruction to 57 Queensland local government areas from January to March 2013. Many of these same areas were just recovering from the loss and damage brought by the natural disasters of 2010 to 2012.

There was a substantial impact on agricultural production in the Wide Bay-Burnett, Lockyer and Fassifern Valley areas, including sugar cane, fruit and vegetable production.

The Queensland Reconstruction Authority estimates the cost of the disaster to be \$2.5 billion, of which the State's contribution is in excess of \$620 million.

The size and scale of the 2013 disaster is often misunderstood because it did not feature as prominently as earlier disasters but its scale and reach was equally as devastating to those affected. In fact, in terms of cost it was second only to the December 2010 and January 2011 disasters.

Over 2,000 residents were evacuated in the Bundaberg region, over 4,300 properties damaged, 750 businesses affected across the State, 390,000 homes and businesses left without power, 22 per cent of State controlled roads affected and 3,100 kilometres of the State rail network damaged.

The additional cost of repairs comes on top of the cost of other recent significant natural disasters. This Budget allocates total disaster spending over the three years from 2012-13 to 2014-15 of \$9.3 billion.

The total cost of natural disasters since 2010 now stands at over \$13.8 billion. This represents enough funds to have built two cross river rail projects and a second range crossing for Toowoomba or \$3,010 per man, woman and child.

RESILIENCE

Madam Speaker, this Budget provides funding of \$40 million, matched equally by the Australian Government, towards a Betterment Fund.

The Newman Government stood ready to make a contribution of \$100 million to a Betterment Fund but the Australian Government was unwilling to match the funding. A fund with \$200 million in it would have made a real dent in the backlog of betterment projects that local governments have put forward. But it was not to be.

There are obviously sound economic and public finance reasons to advocate for a new approach to disaster funding – we are about to repair some infrastructure for the second and third time in ten years.

Let's take just one example. In 2011, the Gayndah water intake plant on the banks of the Burnett River was damaged. The intake is the only source of water for the town. At a cost of \$1.22 million the water intake was repaired in its original place, to its original standard and specification. No flood proofing occurred. Along came the January 2013 floods and again, the Gayndah water intake plant, only a year old was severely damaged.

It is said that the definition of insanity is to keep doing the same thing but expect a different result. That was the Labor way.

This time it will be different, in partnership with the North Burnett Regional Council a new pumping station and intake will be built upstream at the Claude Wharton Weir, at a slightly greater cost, but a cost that is an investment in the future. It's a smart investment.

Betterment makes sense, it is better that the town gets clean drinking water and it is better that both the State and Australian Governments don't have to rebuild the same infrastructure twice.

This Budget puts a down payment on resilience, but it is unfinished business for the Newman Government and the Queensland community. It is the discussion we need to have and will continue to have over coming years.

DEBT

Madam Speaker, with fiscal deficits since 2006-07 totalling \$45.3 billion, no one can deny that we inherited a debt and deficit problem from Labor.

The Budget sees that Labor debt in the General Government sector rising by \$9.4 billion over the forward estimates but, importantly stabilising in 2015-16. From 2013-14 onwards debt in the General Government sector rises by only \$800 million, as we rein it in.

Gross debt will reach \$80.1 billion in 2014-15. This compares to Labor's last projection of \$85.4 billion, which the Commission of Audit found to be unrealistic. We have stopped the rot.

The General Government fiscal balance is estimated to be a deficit of \$8.7 billion in 2012-13, compared to a forecast deficit of \$11.2 billion in the 2012-13 MYFER.

The improvement in the forecast 2012-13 fiscal balance since the 2012-13 MYFER primarily reflects a government that can keep a tight rein on expenses, as well as a result of changes in the timing of disaster expenditure.

A fiscal deficit of \$7.7 billion is budgeted for 2013-14, compared to a forecast of \$4.6 billion in the 2012-13 MYFER. This largely reflects the incorporation of extra costs associated with recent flooding, a change in timing of Australian Government disaster recovery funding as a result of the changed expenditure profile, and lower royalty revenue.

As I have said consistently since becoming Treasurer, there is no magic pudding. Government must strive to live within its means, not simply because it's a good thing to do, but to ensure we have the funds available to invest, create jobs and grow the Queensland economy.

The reality is Labor's deficits are now catching up with us. They are restricting our ability to act.

Madam Speaker, in 2005, before the great debt binge began in earnest, a Queensland teenager leaving high school and commencing their adult life would have done so with a State debt burden of a modest \$3,900. A student in Grade 9 this year, who will be leaving school at the end of 2016 - the point at which we finally stabilise the debt, will commence his or her adult life with a State debt burden of \$16,000. That is Labor's legacy.

In 2012-13 the interest payments on debt in the Government sector will rise by over 23 per cent. This robs the Budget of over \$2.1 billion, which could have been spent on service delivery and infrastructure.

So we have to be smarter about delivering infrastructure because Labor has maxed out the credit card. We will continue to drive partnerships with the private and non-government sectors to use the limited funds that we do have to invest in new infrastructure and revitalise services, because the people of Queensland deserve better from their leaders than decades of debt.

Strong expenditure control means the forecast level of borrowings at 30 June 2015 is expected to be \$6.2 billion lower than the comparable estimate in the Independent Commission of Audit's Interim Report and \$5.2 billion lower than final forecast by the previous Government in the 2011-12 MYFER. We are saving \$750 million in interest. That's money we can use to deliver services.

We have brought the previous Government's debt spiral under control as we said we would before the election.

REVENUE & SAVINGS

Forecasts of key own source revenues such as taxation, GST and mining royalties have fallen by \$5.3 billion since we were elected in March 2012 and \$2.6 billion since the 2012-13 MYFER.

To illustrate, land tax is down 6.4 per cent in Queensland - the first time a fall has been recorded since 1996-97. Gaming revenue from casinos has also fallen by 2.8 per cent since the last Budget.

This downturn also reflects the ongoing weakness of export coal prices, downward reductions in the GST pool distributed by the Australian Government and the impact of the slower than anticipated property market recovery on transfer duty and land tax.

If collected, the \$5.3 billion in revenue would have negated the need for any tax increases. The Government would have had the funds to expand infrastructure and deliver new services.

We may lament this loss of revenue, but that won't fix the problem. We have to toe the line and find ways to fix it. As the Premier often says "find the solution, don't fight the problem!".

Given the loss of revenue, the rebuilding task and the need to fund new services the Government has made the balanced and responsible decision to delay reaching a fiscal surplus in 2014-15. Instead we forecast a small fiscal deficit of \$244 million that year and project a fiscal surplus of over \$1 billion a year later in 2015-16. This is our best prediction but Madam Speaker I haven't, this Government hasn't, given up on reaching a fiscal balance sooner if we can.

In practical terms, the 2014-15 Budget result will depend heavily on the timing of payments from the Australian Government for its share of natural disaster costs.

The delay in reaching a fiscal surplus means that the Government will not have to raise taxes or cut spending by as much as it would have otherwise had to do.

The State Government has only a small range of taxation measures at its disposal. These are usually inefficient and are unpopular at the best of times, but when revenue falls, expenditures increase and debt is your problem, there is only one option.

In this Budget we implement a small number of measures to help deal with the loss of revenue.

Remedial measures will improve the budget on average by \$450 million per annum.

The rate of duty applicable to insurance premiums for general insurance products will increase to 9 per cent from 1 August 2013. There will be no increase in the duty rate applicable to workers' compensation insurance premiums or Compulsory Third Party motor vehicle insurance premiums. Queensland's insurance duty regime will, along with New South Wales, remain competitive with other States.

This measure will assist in meeting part of the State's contribution to the implementation of the National Disability Insurance Scheme, known as DisabilityCare Australia.

Queensland has a highly competitive payroll tax regime, with the lowest rate of payroll tax in Australia and the highest threshold of any mainland State. The Government has committed to further enhancing Queensland's competitiveness by increasing the payroll tax threshold to \$1.6 million. The next increase in the payroll tax threshold, to \$1.2 million, which had been intended to take effect from 1 July 2013, will now be deferred until 1 July 2015.

The Government will break with the past and recast the Urban Fire Levy first introduced in 1984. Currently, the cost of supplying Emergency Management, Fire and Rescue Services across Queensland is \$587.3 million. The current levy raises \$346.9 million, leaving a shortfall of \$240.4 million.

From 1 January the renamed Emergency Management, Fire and Rescue Levy will be extended to all properties receiving a rates notice. It is appropriate that as all Queenslanders potentially benefit from the work of emergency management services across Queensland, whether it's a helicopter rescue, water bombing, disaster co-ordination or swift water rescues they make a contribution to those services. The Levy will also rise by 6.5 per cent from 1 January 2014. The lowest category of the existing Levy, Class D, will apply to those areas in Queensland who are currently not making a contribution.

In 2013-14 the Levy will fund approximately 60 per cent of the operational costs of these services. More importantly, it will provide a more sustainable funding base for services into the future.

The Government will await the recommendations of the Keely Review and detailed consideration of the review undertaken by the Member for Mirani before making any further changes to emergency services and related matters, as outlined in the Government's response to the final Independent Commission of Audit report.

As a result of these balanced changes Queensland will retain its competitive tax status, with per capita state tax estimated at \$2,528 in 2013-14, compared to an average of \$3,003 for the other states and territories. A saving of \$475 per capita.

EXPENSES

General Government expenses in 2012-13 are estimated to be only 1.1 per cent higher than in 2011-12. This is the lowest rate of expenses growth since the introduction of accrual accounting in the public sector in 1998-99, and contrasts with average rates of expenses growth of 8.9 per cent over the decade to 2011-12.

Employee expenses in 2012-13 are estimated to be only 0.9 per cent higher than in 2011-12. This is the smallest increase since 1998-99.

Total General Government sector expenses in 2013-14 are expected to increase by 4.1 per cent over the estimated actual for 2012-13, primarily as a result of natural disaster reconstruction works and for increased service delivery, including the provision of health and education services.

Expenses overall are projected to grow on average by 2.6 per cent over the period 2012-13 to 2016-17.

We value the taxpayer's dollar and we will continue to ensure we keep a tight rein on expenses. This expenditure constraint comes at a time when we are still investing in core services like health, education and disability services.

COST OF LIVING & ELECTRICITY

Madam Speaker, this Government took to the last election a Contract with Queensland. This Government has delivered on that Contract and kept its promises.

We said that we would “Lower the Cost of Living for Families by Cutting Waste” and we have. In the Contract we said the following:

- We will abolish Labor’s \$7,000 tax on buying the family home – it’s been delivered
- We will freeze family car rego for our first term – it’s been delivered
- Our four point plan will reduce household water prices – it’s been delivered
- Cut Labor’s public transport fare increases by half in our first term – it’s been delivered,
- Reward regular commuters by reintroducing discounted weekly fares for go card users – it’s been delivered, and
- We will reform electricity tariffs to save families money and ensure the cost of carbon tax and green energy schemes are listed on power bills – work is well underway to deliver on this commitment, including the freeze to tariff 11 last year.

Madam Speaker, the Government understands the shock and dismay of Queenslanders at the electricity price increase. It is indeed a kick in the guts for households and businesses. Frankly, it is also probably the single most difficult issue the Government has had to grapple with to date.

At its heart, the problems that we are dealing with are the consequences of decisions taken over a number of years where governments have either ignored, or papered over, the fact that those decisions would ultimately be paid for by electricity consumers. The truth is that when governments in Australia, be they State or Federal, pass laws or introduce schemes that move away from supplying electricity based on least cost, then under the rules that govern the Australian electricity market there can only be one outcome - consumers pay more.

The Beattie Government's decision in the middle part of the last decade to spend billions on the network in the name of reliability – is being paid for by consumers now. The Federal Government's 20 per cent Renewable Energy Target - is being paid for by consumers now. The former State Government's so-called Solar Bonus Scheme - it is effectively a \$3 billion solar tax being paid for by guess who? - Queensland consumers now. By 2015-16 the Solar Bonus is going to cost Queensland households an extra \$276.

And the latest and most unnecessary increase of them all - the Carbon Tax.

We have to stop loading up the electricity industry with policies that increase costs only to be surprised when those same policies increase prices.

Faced with the latest increase, the Government had two choices - it could introduce a new subsidy for electricity prices. However, with a \$7.7 billion deficit next year we would have to borrow the money to pay for it - meaning we would be asking taxpayers years down the track to pay off the debt for the electricity we are using today. That's not fair.

Alternatively, we could have increased taxes to pay for the subsidy. That is, increase taxes on people only to recycle it in the form of a subsidy to those people and make it sound like a virtue - straight out of the Julia Gillard and Wayne Swan play book.

What we are doing is controlling what we can control. We are making sure those electricity businesses we control are operating as efficiently as possible. The savings we are asking Ergon and Energex to find from their capital and operating budgets are for the express purpose of delivering better price outcomes for consumers over the long run. We have found capital and operating expenditure savings totalling \$3 billion out to 2019-20, but we are dealing with a massive network that can't be turned on a dime.

KEY EXPENDITURES

Madam Speaker, this is the Budget that invests in key frontline services - the education budget increases by \$707 million, or 6.6 per cent - the disability services budget is up \$64 million, or 4.7 per cent and the health budget is up \$533 million or 4.5 per cent.

Being a Government for all Queenslanders is vitally important to those of us on this side of the House. The Government will again invest heavily in our regions, through both specific programs like "Royalties for the Regions" as well as ongoing expenditure directed to where it is needed most.

Again in 2013-14, over 75 per cent of the Government's capital expenditure will take place outside Brisbane.

Disability Services

In December 2012, the Government announced a commitment to provide an additional \$868 million over a period to 2018-19 to address the historical under-funding of disability services in Queensland and to support implementation of the NDIS in Queensland. This funding, coupled with the Australian Government's commitment to provide the State with a share of the proposed 0.5 per cent Medicare Levy increase will contribute to the Queensland Government funding of \$2.03 billion of scheme costs in 2019-20. This Budget makes the first allocation for the NDIS.

It also provides additional funding of \$106 million over four years to assist with existing Disability Services demand pressures. This funding will help to ensure that young people with a disability exiting the care of the State, or leaving school, are supported. It will also help people with spinal cord injuries to leave hospital and live in the community.

This Budget brings forward \$25 million into 2013-14 from 2015-16. This money will provide additional care packages in line with DisabilityCare Australia concepts.

Great Teachers = Great Results

The Queensland Government understands and values the contribution made by teachers – many a young life has been turned around or inspired to greatness through the intervention of a caring, motivated, teacher.

The Budget provides additional funding of \$537 million over five years from 2013-14 to focus on professional excellence in teaching and increasing the autonomy of our schools. It comprises a range of initiatives such as mentoring for beginning teachers; accelerated progression and bonus payments for high performing teachers; paid post-graduate study and strategies to strengthen discipline in schools.

Fixing our Schools and Hospitals

Madam Speaker, good managers everywhere know how important it is to keep on top of your asset base and to make sure your equipment is properly maintained. We also routinely tell our children that we aren't going to buy them something new until they look after what they already have.

The former Government found looking after the asset base all too boring in comparison to the excitement of new project announcements. For this reason, some of our schools and hospitals have toilets that don't flush, windows that don't shut, broken air conditioning – the list goes on. It borders on negligence.

This Government is making major inroads into the maintenance backlog in our schools and health facilities. This Budget allocates a further \$100 million to fixing our schools, bringing the total additional funding under this Government to \$300 million over three years. We also provide an additional \$147 million over four years as part of a \$327 million program to address the health maintenance backlog.

Queensland Health Rostering and Payroll System

Madam Speaker, it is not with any pleasure that I announce that the Government has had to provide increased funding of \$384 million over four years to enable the Department to operate and improve the Queensland Health rostering and payroll system.

The Health payroll system will cost an estimated \$1.25 billion, over seven years, since the failed implementation in 2010.

I know the Minister and departmental staff are working incredibly hard to enhance the payroll environment, improve pay outcomes for Queensland health employees and stem the financial bleeding. They need, and will continue to receive, our support.

Revitalisation of Regional, Rural and Remote Health Services

The Government is providing increased funding of \$83 million over four years to support and enable better access to health care services for Queenslanders in regional, rural and remote communities. This will be achieved through the development of improved ambulatory and primary health care models, delivery of enhanced outreach services and establishment of the Rural Telehealth Service.

Hospital in the Home

As identified in the final report of the Independent Commission of Audit, hospital avoidance and substitution programs that drive a vastly improved community health care outcome are

desperately needed. Hospital in the Home is one such program. Studies have shown that Hospital in the Home is associated with reductions in mortality, readmission rates and cost, and increases in patient carer satisfaction.

The Government will provide increased funding of \$28 million over four years for additional Hospital in the Home services to be provided by the private sector. This provides acute care by health professionals in the comfort of home as a substitute for inpatient care received at a hospital - better for patients and better for the system.

Economic Development and Reform

The Government is focussing on making Queensland the best business environment in Australia.

We are working hard on reducing the regulatory burden on industry and the timeframes for project approvals.

With support from the Deputy Premier, the Coordinator-General has made 145 statutory decisions since April 2012, a decision rate 3.25 times greater than the previous Government achieved in its last 12 month period.

Queensland is world famous for its mining resources and expertise, but there is much that remains to be known about the geology and mineral potential of the State. We want Queensland to be the exploration capital of Australia, and for quality geological data to be there for the world to see.

The Government will provide new funding of \$30 million over three years for a range of initiatives to upgrade the Geological Survey of Queensland. This is a sound investment in Queensland's future prosperity.

Trade and Investment Queensland, a function treated like a prize by the previous Government and catapulted from department to department, will be given the stability it deserves and Queensland business needs. It will be established as a separate stand-alone entity, governed by a Board that has practical export business experience.

Now more than ever, it is vital that Queensland businesses and industries maintain and develop their relationships with our major trading partners. Importantly, we need to focus on assisting small to medium enterprises establish footholds in new markets across Asia and the Americas.

We have great natural advantages within our trade exposed industries. We grow healthy and safe food in a region that is increasingly demanding food security. We supply world class primary products; our research and education industries take knowledge to the world and our manufacturers use Queensland's smarts to deliver products to the world.

Queensland needs to be outwardly proud and promote our achievements and unique characteristics – effectively pushing our 'Brand Queensland' to the world. The Government sees Trade and Investment Queensland as an important driver of economic growth through export opportunities.

We are also proceeding with the implementation of our response to the independent Commission of Audit recommendations – recommendations for better services and a more dynamic economy. This Queensland Government wants to work with, not compete against, the private sector. We look forward to existing Queensland business growing new businesses to take advantage of the opportunities that will arise.

Whether it's Economic Development Queensland, within the Deputy Premier's department, or the Tourism Investment Attraction Unit within Minister Stuckey's department, or the Contestability Unit within Queensland Health established by Minister Springborg or Projects Queensland in Treasury, the Government is determined to diversify the Queensland economy and grow its four pillars.

Fundamentally, the Government is moving from being the “doer” to the “enabler”.

Federal Financial Relations

Madam Speaker, there once was a Federal Member for the seat of Griffith who became Prime Minister in 2007. We were promised an end to the blame game.

The early signs showed some promise – over 90 specific purpose agreements were collapsed into five. There was to be a very small number of national partnership agreements, focussed on outcomes and not red tape.

Well guess what. Today we have nearly 74 separate national partnership agreements that are highly prescriptive – more and more Government red tape. The great news is that there are another 28 of these agreements under development now. More public servants in Canberra watching public servants in Brisbane – lead in the saddle bags of the teachers and nurses in the field who are just trying to do their jobs.

Many of these reporting requirements are designed by undoubtedly well-meaning people, but who are often far removed from the realities of Queensland life. Attending Floriade does not qualify you to lecture a grazier in north-west Queensland about keeping cattle alive during a drought. The drive from Queanbeyan to Capital Circuit does not qualify you to understand the tyranny of distance faced by the people of Longreach.

The way the current Commonwealth Government conducts its federal relations is based on the politics of the fiscal wedge. The Commonwealth makes an announcement via press conference and demands the States magically “find” the extra money. The States look bad if they don't agree, so then have to raise taxes or reduce spending – both of which the Commonwealth publicly objects to - in order to fund the spending.

Government finances right around Australia are clearly stressed. In these difficult times, the most sensible thing we can do is to sit down and have an adult conversation about who is best placed to be responsible for what.

The Queensland Government is ready for that conversation. Governments have no right to be preaching to businesses about productivity and efficiency until they get the basics right themselves.

The best part about this reform is that it won't cost taxpayers a cent, but it does take courage and a grown-up attitude as well as an acknowledgement of the reality that Governments can't solve every problem. We really need a grown up in government in Canberra. Let's hope we get that after September 14.

CONCLUSION

Madam Speaker, in March last year the new Government said how it would go about fixing Queensland's finances and delivering services for Queensland. How we would be a "can do" Government for a "can do" State.

Last September, in our first Budget, I laid out the chart for the journey back to sound State finances, while at the same time supporting the four pillars of the economy and boosting confidence. I said it was the most important Budget in a generation. It started the hard work and reforms necessary to make sure Queensland is a better State, a stronger State, a great State.

This Budget is another way point on our journey.

It supports the growth we need to pay off the debts of the past while providing the jobs of the future.

It builds resilience, not just in our finances, but in our community. By lowering interest bills we can spend more on services and strengthen our communities by giving them the help they need when they need it.

It rebuilds not just the State's balance sheet, but the facilities and infrastructure we all need and rely on every day - roads, schools, hospitals, parks and playgrounds. It empowers people to invest and grow with confidence.

Madam Speaker now is not the time to waver or change course. This Budget continues the journey of ensuring Queensland is a Great State with Great Opportunity.

I commend the Budget to the house.

