



Deputy Premier  
Treasurer  
Minister for Aboriginal and Torres Strait Islander Partnerships

Our Ref: 04208-2019  
Your Ref: A500971

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Mr Neil Laurie  
The Clerk of Parliament  
Queensland Parliamentary Service  
Parliament House  
Alice and George Street  
BRISBANE QLD 4000

Dear Mr Laurie

*Neil*

Thank you for your letter of 23 October 2019 seeking a response to the petition received by the Queensland Legislative Assembly No. 3186-19.

The Palaszczuk Government is focused on responsibly managing the State's fiscal position. To achieve this objective, the Government established six fiscal principles, which underpin the development of the State's fiscal strategy and financial decision-making.

Of particular relevance to the petition are fiscal principles 1 and 2, which are, respectively:

- Target ongoing reductions in Queensland's relative debt burden, as measured by the General Government debt to revenue ratio.
- Target net operating surpluses that ensure any new capital investment in the General Government Sector is funded primarily through recurrent revenues rather than borrowing.

The petition makes a number of claims which I welcome the opportunity to address.

First, the petition notes that "Qld debt is at record levels". This is incorrect; government borrowings are lower than the record levels reached under the LNP.

The 2019-20 State Budget reports that General Government Sector borrowings with QTC were \$8.6 billion lower in 2019-20 than their peak of \$41.3 billion, reached in 2014-15 under the Newman LNP Government. The 2019-20 Budget reports that Non-Financial Public Sector borrowings with QTC, which include the borrowings of Queensland's publicly owned corporations, are also below the peak reached under the LNP.

Second, the petition notes the imperative of debt reduction "so that our great grandchildren will not be still trying to pay back the debt".

Fiscal principle 1 embeds the Palaszczuk Government's commitment to responsibly managing the State's borrowing program, while delivering the infrastructure that Queenslanders rightly expect.

The Palaszczuk Government is investing a record \$49.5 billion in infrastructure over the four years to 2022-23, directly supporting around 40,500 jobs across Queensland – including 25,500 jobs in regions outside Greater Brisbane.

The Palaszczuk Government's investment in schools, hospitals, social housing, cultural facilities and other infrastructure projects will deliver benefits to Queenslanders for generations to come and ensuring Queensland communities and families can continue to enjoy an improved quality of life.

Third, the petition notes that “[p]rior to the Palaszczuk government, the Qld debt to GDP ratio was consistently under 10 [...] However, since the Palaszczuk government has been in power, the debt to GDP ratio is now at 25 and still growing.” This is incorrect.

The ratio of Queensland's General Government borrowings to Gross State Product (GSP), which is the state-level equivalent of national Gross Domestic Product (GDP), was 9.1% in 2017-18. The Palaszczuk Government has in fact reduced this ratio from the high of 14.6% reached under the Newman LNP Government in 2014-15. The ratio is forecast to remain below 12% across the forward estimates.

Fourth, the petition requests an immediate freeze on the level of borrowings.

Planning and investing appropriately now to ensure the State's future growth prospects are realised is vitally important. Freezing the state's borrowing program would adversely impact jobs, constrain the economy and reduce the opportunities and living standards available to current and future generations of Queenslanders.

Fifth, the petition requests “a financial plan that demonstrates how the State budget will be brought back to surplus within 2 years”.

I am happy to report that since being elected in 2015, the Palaszczuk Government has delivered five consecutive operating surpluses. The 2019-20 Budget details the Government's financial plan and demonstrates the Government's commitment to sound fiscal management, with operating surpluses projected across the forward estimates, despite significant fiscal pressures.

Indeed, the last time the General Government Sector was in a deficit position was in 2012-13, when the Newman LNP Government posted a record net operating deficit of \$4.6 billion.

The Palaszczuk Government is focused on growing the net operating balance across the forward estimates to reduce future borrowing requirements, while allowing the Government to continue to invest in the infrastructure projects needed for Queensland's growing population. This infrastructure investment supports economic growth across Queensland, enhances frontline services and provides employment opportunities.

Sixth, the petition requests “a financial plan that demonstrates how the debt to GDP ratio will be reduced to under 10 within 3 to 5 years”.

As noted above, the Palaszczuk Government has reduced the ratio of General Government borrowings to GSP. Over the forward estimates, this ratio is forecast to remain below the peak it reached under the LNP.

Thank you again for the opportunity to respond to this petition. If you require any further information, please contact Mr Mark Bellaver, Chief of Staff of my office on (07) 3719 7100.

Yours sincerely



**JACKIE TRAD MP  
DEPUTY PREMIER**

**Treasurer**

**Minister for Aboriginal and Torres Strait Islander Partnerships**

14 / 11 / 2019