Speech by

Mr S. ROBERTSON

MEMBER FOR SUNNYBANK

Hansard 27 May 1999

STATE DEVELOPMENT AND PUBLIC WORKS ORGANISATION AMENDMENT BILL

Mr ROBERTSON (Sunnybank—ALP) (12.08 p.m.): It is unlike the member to be so rude. I rise in support of amendments to the State Development of Public Works Organization Act 1971 and, in particular, those amendments that relate to the acquisition provisions that are required for the facilitation of the private sector development of infrastructure. Traditionally it has been the role of Government to provide public infrastructure such as rail, roads, dams, airports, power stations and so on. However, this role is changing, just as the range of activities that in the 1990s should be considered as infrastructure is changing. Around the developed world it is now commonplace that such infrastructure is being provided by the private sector.

These are all points acknowledged by the Opposition spokesperson. He gave a presentation that dated back to the provisions existing since 1938. He acknowledged both the way the infrastructure is planned and built and that the range of infrastructure has changed. Yet the Opposition's argument seems to rely on the tried and true case of picking one clause of the Bill, adding it to another clause, multiplying it by five, dividing by two, adding $\pi r2$, and giving it a liberal dose of fairy dust to construct a conspiracy that is worthy of inclusion in the One Nation Party list of conspiracies.

The Bill that the House is debating today is only one of a series of measures taken by both Labor and the coalition when in Government to establish the policy environment to permit this to occur. These measures include the entry into the national electricity market, water reform, the release of the private sector infrastructure guidelines, the Surat/Dawson project, projects such as the Brisbane rail link and Brisbane light rail, the creation of third-party access regimes for pipelines and transport infrastructure and the list goes on. What we are seeing here are some real examples of the economic benefits that we have all been promised from the National Competition Policy. Although it is beyond doubt that there are more negative consequences to aspects of the NCP, these are some of the positive measures and projects that will introduce competition into infrastructure provision and ensure that we have globally competitive pricing for our infrastructure services. This will be of increasing importance to Governments, as private sector investment permits the freeing up and redirection of public moneys towards the development of social infrastructure, such as universities, schools and hospitals.

Queensland is far ahead of any other State in terms of infrastructure investment from public sector sources and the capital works budget is at record levels. But it is unrealistic to expect that the $5 billion infrastructure budgets, much of which the coalition funded from asset sales and raiding Government owned enterprises, can be sustained indefinitely. The private sector will have to pick up more of the load if the State's development is to continue to lead Australia. By setting out clearly the rules that we expect the private sector to follow in the building, owning and operating of public infrastructure, Government is able to ensure effective delivery of essential services at little or no cost to the State.

This Bill will establish the rules for land acquisition and access to land for investigations. Investors need certainty that the land required for infrastructure development will be available in a reasonable time and at a reasonable cost. Public sector agencies providing identical infrastructure have enjoyed this certainty for decades. Other than in limited circumstances, acquisition legislation currently on the statute book in this State limits Government from providing land to the private sector even if the

public benefit that may flow from the provision of the land is very significant. The State Development and Public Works Organization Act is one place where some powers already exist that permit the transfer of compulsorily acquired land to the private sector. These powers apply in declared State development areas, such as the one in Gladstone, in respect of which both the Opposition and previous Labor Governments have judiciously used the acquisition power for this important purpose. The declaration of a State development area assumes that the State Government can anticipate requirements and will be in a position to plan fully before those requirements are realised. This is a model from bygone eras, when assumptions about the ability of Governments to plan with certainty were more widely held than they are today.

Both sides of the House support the view that for the development of our economy private sector initiatives have to be recognised and encouraged. The State planning model of the State development area is inadequate in circumstances where Governments wish to be able to respond to private sector initiatives. Powers and procedures that recognise contemporary requirements are therefore necessary. Previously, the only alternative to this throttle on development has been the enactment of project specific legislation. Now that private sector development of infrastructure is becoming commonplace around this country, this solution is no longer adequate. In addition to this, by utilising such a conservative approach the State may subject proponents to long periods of delay and uncertainty, thereby threatening project feasibility.

The private sector cannot take the risks that Governments can in committing expenditure before key issues such as land ownership are resolved. A clear process to achieve land ownership is therefore fundamental to increasing private investment in infrastructure. For affected landowners, too, project specific legislation is a far less desirable option. They, too, have a right to know what the rules are and not be kept waiting with their futures in limbo until the Parliament can consider each particular project.

The amendments that this Government proposes to section 78 of the State Development and Public Works Organization Act 1971 will solve these problems. They will solve these problems by granting a restricted power to the Coordinator-General. This power will permit the Coordinator-General, subsequent to Governor in Council approval, to acquire and transfer land for the purpose of an infrastructure facility that is of significance, particularly economic or social, to Australia, Queensland or the region in which the facility is to be constructed. In considering whether the infrastructure facility is of economic or social significance, the potential for the facility to stimulate a range of factors must be taken into account. The factors are as follows: agricultural development, community wellbeing, economic growth, employment levels, industrial development, resource development and technological development. It can be seen that the amendments do not grant a general power of third-party acquisition to Government. Instead they provide a head of power of acquisition which can be invoked only once it has been shown to the Governor in Council that the proposed infrastructure facility will stimulate one of the endeavours that I have referred to previously. This is in essence the type of decision that Governments take whenever they commit to a new capital works program.

What questions do Governments ask when they are considering, for example, a new dam? Who does it benefit? What new industries will it encourage? What will the water be used for? Is it for industry, power generation, a new irrigation area or for a city? How much will this add to our economic performance? How many new jobs will it create? Are the charges reasonable? These are exactly the questions that will be considered by the Governor in Council when looking at an application under this Bill. The only difference is that the Government will not build the dam itself using taxpayers' funds. The private sector will do this and will take the risk that the project is not financially viable. This seems to have been conveniently ignored by the Opposition spokesperson. He seems to suggest that the necessary checks and balances are not in place, and this is clearly not the case.

Increasingly, the private sector is stepping up to take that risk. Although experience in developing project arrangements is growing both in the Government and in the private sector, it is true to say that there is still a lot more to be understood about how to provide development opportunities and how to manage the transaction costs.

In his second-reading speech, the Deputy Premier mentioned the guidelines for private sector involvement in public sector infrastructure and how that document will evolve over time as experience in managing projects grows. Honourable members will be interested to know that the Deputy Premier's Department of State Development is actively reviewing aspects of the document that relate to transaction costs, intellectual property and exclusive mandates. This again is an exercise in balancing competing objectives. That is why former Premier Wayne Goss has been engaged to report on—

the Government's overall objectives and options to bridge the gap between the private sector and Government's responsibility to the public interest;

the Government's existing policies for such dealings;

an analysis of the legal, competitive, risk and probity aspects of the Government's policy framework; and

the total transaction costs and allocation of such costs.

There is a challenge here for the private sector to assist the Government to bridge the gap. We are all looking for better ways to deliver project opportunities, but with appropriate safeguards for the public interest. This, of course, is what this debate is all about. Parliament is being asked to decide whether this balance of safeguards and opportunities has been achieved in this Bill. Any fair reading of the legislation will lead to that conclusion. If this House continues to strive for this balance in its future consideration of issues related to this important and complex topic, Queensland will continue to lead Australia in development, but remain the place where we all want to live and bring up our families.

Therefore, it can be seen that the amendments are essential to the future development of infrastructure in Queensland. Importantly, the amendments put in place another building block in the necessary legislative foundations required for the private sector development of infrastructure. What is proposed in these amendments is not unique in Australia and is presently in place in other jurisdictions. Importantly, the amendments illustrate to the world's private sector that Queensland is a State where infrastructure development will be facilitated in situations in which the interests of Queenslanders will be advanced.