



Speech by
Simon Finn

MEMBER FOR YEERONGPILLY

Hansard Friday, 19 June 2009

**APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL;
INFRASTRUCTURE INVESTMENT (ASSET RESTRUCTURING AND
DISPOSAL) BILL; FUEL SUBSIDY REPEAL AND REVENUE AND
OTHER LEGISLATION AMENDMENT BILL**

Mr FINN (Yeerongpilly—ALP) (7.56 pm): These appropriation bills outline a budget of tough decisions—tough decisions that deliver on election commitments, continue the biggest building program in the nation and, most importantly, chart the course for future prosperity. In rising to support the budget and the appropriation, I support all of the legislation in this cognate debate and welcome the opportunity to consider them together as a whole package of budget measures.

In the first instance, I comment on the budget initiatives with direct impact on the electorate of Yeerongpilly that I am honoured to represent in this parliament. Yeerongpilly is an engine room of jobs with a significant manufacturing, warehousing and service industry, particularly in the suburbs of Salisbury and Rocklea. National road and rail freight routes also run through the electorate.

This budget, with its focus on creating and sustaining jobs, supporting families and positioning our economy for future growth, is the approach my local area needs for now and for future generations. Local projects funded in this budget and creating local jobs include the new welding facility at Yeerongpilly, upgrades for the Ipswich Motorway between Rocklea and Darra and continued funding towards the Mains Road and Kessels Road intersection and the Granard Road and Beaudesert Road intersection.

Local employment opportunities also come through the Skilling Queenslanders for Work initiative, the Green Army and vocational education and training funds. Energy infrastructure will be improved with replacement of underground cables at Annerley and the new zone substation at Tennyson.

Local health and community services have been supported with funds allocated to local organisations to support the Queensland Strategy for Chronic Disease and \$71,000 allocated to chronic disease Indigenous health funding to support the National Strategic Framework for Aboriginal and Torres Strait Islander Health. Additional social housing has been supported with 79 dwellings funded as part of this budget's massive injection into housing.

As announced during the state election, a new kindergarten will be built at Moorooka State School, giving local children the opportunity to have a flying start to their education. Local schools will also benefit, with additional maintenance funds provided for Moorooka State School, Nyanda State High School, Wellers Hill State School, Yeronga State High School, Yeronga State School and Salisbury State School. The budget also delivers on an election commitment of increasing block grant funding to each of the schools in the Yeerongpilly electorate.

I commend this budget to local residents, as it delivers on my commitment to protect local jobs and make the tough decisions demanded by dire economic times. In doing this, I acknowledge that this budget contains measures that not everyone will support. Bringing down a budget rarely is a populist exercise,

and now more than ever we need elected representatives to make the right decisions for future generations. Voters in my local area expect their representatives to have the courage to chart a leadership course based on rigour and a preparedness to make the tough decisions. I trust that I am delivering on this today.

I now turn to the bill dealing with the abolition of the fuel subsidy. I have spoken previously about my concerns with the economic and environmental viability of continuing to subsidise fuel consumption. I believe that it is simply not sustainable for governments to encourage fuel consumption and that is the impact of subsidies. I know that the removal of the fuel subsidy will not be popular. I know that, if asked in a poll whether people support the removal of the subsidy, of course most people would say no. I remain, however, deeply concerned about the environmental impacts of subsidising fuel.

Just as the current economic downturn affecting our revenues in Queensland is a product of a global economy, the subsidisation of fuel must be analysed in global terms. Professor of economics Robert Frank recently reported in the *New York Times* that the wide use of fuel subsidies in emerging economies to keep fuel below market costs was resulting in higher fuel consumption than necessary. Frank argues that selling commodities below market cost will inevitably cause a level of wastage. Frank also reports that in a global economy fuel subsidies keep the price of fuel higher rather than lower.

In 2007, countries with fuel subsidies accounted for virtually the entire increase in worldwide oil consumption. Without this artificial demand stimulus, world oil prices would have been significantly lower. An example of this, as reported by Frank, is that early last year world oil prices fell by \$4 a barrel on news that reduced subsidies would increase Chinese domestic fuel prices by about 17 per cent—that is, world prices fall as reducing subsidies reduce demand.

The real impact however of selling fuel below cost is the increased costs that come with increased consumption, particularly environmental costs. When we subsidise fuel consumption what we do is use taxpayer funds to purchase carbon emissions. *Queensland Country Life* recently reported on the AgForce president's comments regarding the fuel subsidy on road freight and estimated that the fuel subsidy is worth on average \$15,000 per truck per year. Using the average cost of diesel in Brisbane for the month of May—\$1.08—the Queensland taxpayer therefore pays wholly for more than 13,800 litres of fuel for each truck. With each burnt litre of diesel producing 2.7 kilograms of CO₂, the Queensland taxpayer buys more than 37 tonnes of CO₂ for every truck every year.

A city dweller driving 20,000 kilometres each year in a four-cylinder vehicle using nine litres per 100 kilometres consumes 1,800 litres of fuel to travel that distance. This vehicle will produce 4.1 tonnes of CO₂ every year, with all Queenslanders purchasing 335 kilograms of these emissions. For every three such cars on Queensland roads, a taxpayer buys a tonne of CO₂ each year. I appreciate community concerns about the impact of removing subsidies on fuel costs. I believe, however, governing for the future not for the headline requires encouragement of individual responsibility for greenhouse emissions. It is well reported that rail freight has greater environmental sustainability than road freight. I acknowledge comments by the president of AgForce that requiring freight operators to pay market costs for fuel will create incentives for rail freight.

In considering this, I now turn to the Infrastructure Investment (Asset Restructuring and Disposal) Bill. The decision to dispose of assets is not a decision taken lightly by this government. All of us have seen examples around the world where the disposal of assets has resulted in poor outcomes for workers and for the community. The Labor Party has long been a party that supports governments building and maintaining a strong public asset base, and we remain so today.

The decisions in relation to assets have been taken in view of what governments should own in today's economy and the need to reduce debt. The assets included in this bill, while providing \$280 million in revenue, also require \$750 million in interest payments on the debt these companies seek to carry over the next four years.

The debate regarding asset sales has been highly politically charged and my deliberations regarding this issue have been difficult, both because of the need to grapple with the complexity of the issues involved and also the challenge to my philosophical and political beliefs and background. In dealing with this challenge I drew on the core responsibility of public office—a preparedness to make the tough decisions and a political philosophy of the need to stand up for them.

I reached the position of supporting this bill because of the demands of the economic climate and the need to remove the massive level of debt these assets carry. Most importantly, though, I am supporting this bill because disposal of these assets will enable the building of other state assets and keep our current building program motoring on and employing 119,000 people.

In deliberating on the provisions of the bill, I have considered what it is that governments should own. I have contrasted this bill with the Kennett regime in Victoria that ripped the heart out of that state's community assets by selling off roads and passenger transport and schools. This government's strategy to keep Queenslanders in jobs and retire state debt charts a course to regaining our AAA credit rating. I

accept that this does not necessitate governments owning forests, the ports corporation and the roadways tolling company. I accept that it is not the best use of taxpayers' funds to subsidise the infrastructure of coal companies.

The most precious assets of Queenslanders, however, are the naturally occurring ones, and this includes coal and minerals. We must continue to manage these assets in a public-private mix with a regulatory framework that ensures a maximum return to the state, a level playing field for industry, safe workplaces for all workers and the ability for governments to intervene in the public interest.

I note the Treasurer's speech when introducing this bill and its consideration of the potential disposal of the freight operations of Queensland Rail. There is a great need for the restructuring of rail freight operations across Queensland. The shift to road freight at the expense of rail has affected the viability of rail freight operations across the nation.

The Rail, Tram and Bus Union's submission to the South East Queensland Regional Plan reports extensively on the greater safety of rail freight and the significant environmental advantages of rail over road. With finite oil resources diminishing and a rapidly advancing worldwide focus on environmental sustainability, the viability of transport operations that provide greater safety and deliver better emission outcomes will improve. In considering the feasibility of the disposal of rail freight, it is my view that we must make every effort to rebuild rail freight operations as viable public assets. This will, however, require a bold commitment to restructuring and significant investment.

I welcome the employment guarantees for award employees and the transferral of continuity of service and accrued entitlements outlined by the Treasurer. I am concerned, however, that, whilst not specified in the legislation, the Treasurer outlined that these guarantees will be in place for two years beyond the date of sale. I believe that a two-year guarantee beyond the date of sale should only be a minimum and that the disposal of assets must be negotiated with the greatest possible protection of employment terms and conditions and that this may involve a longer period of guarantee.

Throughout this debate we have had doom and gloom, conspiracy theories and scaremongering that comes with cranking up the opposition feral abacus. Many of my colleagues have addressed the negativity and the policy and strategy void of the Liberal National Party. Not a single speaker from the opposition has offered an alternative. None of them have said that they will bring back a fuel subsidy or stop the asset sales. Not a single policy alternative was offered from any of their current, former or future leaders. None of them has even attempted to argue that their election plan of economic crisis denial, massive spending and huge job cuts should be implemented in this budget.

The story of the March election is this. The Premier went to the people outlining the dire economic circumstances that would require tough decisions. She sought and received a mandate to make those tough decisions while maintaining a massive infrastructure program and protecting jobs. That is what this budget and these bills deliver today.