Speech by

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MEMBER FOR GAVEN

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MOTOR ACCIDENT INSURANCE AND OTHER LEGISLATION AMENDMENT BILL

Dr DOUGLAS (Gaven—LNP) (3.46 pm): When a government seeks to get a little mileage from a very broad area, it will try to secure guaranteed income from an area with good continued growth in its returns for very little input. Whatever happens, a government such as the Bligh government will try to maximise its own take and shed a few limited crumbs our way. Such are the lessons! This bill gives a pretty good template for what is going to be delivered by this government.

This bill is more than just a method of removing the commission payable on compulsory third-party insurance; it is really a series of four major steps that flow on from the flawed financial plan put forward by the Treasurer on behalf of this dying Labor government. As has been described by other speakers, those steps are (1) removing the $25 payment of commission and the trailing commission paid by customers for CTP; (2) updating third-party access in that it attempts to align the Queensland Competition Authority Act with national regimes; (3) resetting the rules allowing for price rises for tolls on the Logan and Gateway motorways to be limited to CPI after the government increased the tolls earlier this year so as to make the asset more saleable in this market; and (4) changes to the Transport Infrastructure Act 1994 specific to QR National's corporate governance framework.

A few issues have been raised today about the $25 commission which, when removed, will make compulsory third-party premiums cheaper. This really does need to be cheaper because motor vehicle registration has been progressively ratcheted up as the government has become so desperate for cash and is now at the point where our motor vehicle registration is the most expensive in Australia. Our boats, motorcycles and trucks also have that dubious distinction. There is now also this ridiculous situation where a B-double actually costs more to register than a B-quad, when there is a 40-tonne difference. I wonder whether someone in the department is looking at the maths. However, saving $25 is critical to many households at any time—not just at this time—so this is welcome news to my constituents in Gaven particularly, and I am sure most members will express the same sentiments.

Sadly, many groups that receive income from trailing commissions include school chaplaincies, scripture services in schools and all manner of voluntary community support groups that will now miss out on this trailing income. There is also a further tragedy in that some motor dealers who have staff who exist on these incomes will lose their positions, and for some businesses there will be multiples thereof. I am very sorry to see those individuals lose their jobs at the stroke of a pen to justify a perception that this Labor government may have community interests as its major concern, but I wonder whether it does have a heart for these people. If this is the case, does one wrong deserve another?

I also note that the minister has stated in his second reading speech that the bill will permit policyholders to direct the payment of an inducement by an insurer to a registered charity, but will prohibit the practice of any type of trailing payments. By ticking the box annually, these charities or research entities may get an ongoing direct donation by the consumer at the time of the compulsory third-party payment. Trailing commissions have been a menace in the mobile phone business area. They have

enriched some operators often at the expense of many small or unknowing consumers. So this amendment is to be supported.

The bill also amends the Queensland Competition Authority Act 1997 and in doing so allows the Queensland government to circumvent the federal competition policy. The bill will—and I quote from the minister's second reading speech specifically—

... remove the ability for services to be declared or excluded from coverage by government regulation without the processes contemplated by the broader QCA regime.

Furthermore, the minister stated that the bill—

... will ensure there is a single and structured process for determining whether a service should fall within the scope of the third-party access regime.

Therefore, because the National Competition Council—the NCC—will not consider an application where an effective state regime is already in place, broadly, this change exempts the state from NCC policy and only where nationally significant infrastructure is not included in those items, not state declared, then and only then can the NCC rules apply. The NCC is not removed by the process but is effectively excluded by those changes.

This is not trivial stuff here. We must all remember that pipelines, railway lines, shipping channels and electricity grids are relevant to all of us throughout the nation. We need a regulator and fairness needs to apply to all. There are plenty of examples overseas that are salient. Whilst it is an extreme case, Russia turned off the gas to the Ukraine primarily because it did not like the democratically elected government there. There was also extreme doubt about the validity that both the claim over an outstanding account and the reasonableness of a massive price rise over and above agreed prices was indeed fair. These things occur and sometimes common sense goes out the door. Ask Rio Tinto and BHP about the issue of below-rail assets in Western Australia. The NCC needs to be supported. The state should not need to exempt itself in any situation.

I have previously made the point about what happens to markets and exports where there is a denial of third-party access in practical terms. The best example is in the Elk Valley in Canada, where the Teck mining company has been restricted in increasing its volumes and other miners also have been excluded from shipping on the same line after the takeover of Canadian rail by a private consortium. Growth in that market for coal exports has been restricted to two per cent per annum for the last eight years when the global market demanded greater access to coal exports, particularly in the Canadian model. Canadian exports stalled and Australia made up the difference. Clearly, we must not constrain our own ability to build growth in this competitive market. In coal, we have significant global competition from South Africa, South America, Indonesia and central Africa increasingly. We must not underestimate the ability of these markets to overtake us. At present, coal and iron ore have enabled Australia to maintain three per cent annual growth.

Clearly, the bill is focusing on the intrastate rail network of QR, rail transport for specific coal deposits in the Central Queensland coal network and coal handling at the Dalrymple Bay Coal Terminal. I suspect there are a few others included and also excluded, but the Bligh government thinks that they are not needed because of the lack of linkage to their flawed assets sales program. Asciano's application to have its access to the Queensland intrastate rail network handled under the federal competition regime is obviously the major reason for this change. The details of the issue relating to the Trade Practices Act 1974 under the federal law have been explained earlier by the shadow minister.

As has been stated, this act and its amendments are currently before the Commonwealth parliament. In short, these changes will ensure that only a certified access regime will be considered effective in the future and if the National Competition Council regards the Queensland access regime to be ineffective in regulating access to the QR network, then the NCC will not certify that regime. In effect, it then hands over the regulation to the ACCC, removing it from the QCA. The amendments in this bill have an intention of raising the existing regime to the level of the national access regime. In doing so, these changes primarily relate to increasing transparency and reducing the minister's arbitrary powers.

I relate this change back to the minister's second reading speech in which he states—

New provisions will reinforce existing obligations on access providers to not unfairly differentiate between access seekers both during negotiations and in the provision of access.

This problem has come about only because of the Bligh Labor government's desperation to save itself after blowing all the money on, basically, a nothingness. The minister is now going to enormous lengths to say that he, Treasurer, is going to vigilantly ensure—

... that monopoly infrastructure providers do not misuse their market power or engage in anticompetitive cost shifting.

Yet at the same time, after a boost in the offered price for the below-rail coal assets of Queensland Rail, the Bligh Labor government is negotiating with a monopoly of coal companies to purchase this critical asset. It is the filthy lucre that is driving this Treasurer and Labor. Labor is petrified that the national

regulator might not agree. It saw what happened in Western Australia when Rio and BHP sought to exclude Fortescue Metals from access to their rail. Labor thinks that this could seriously torpedo its sale and any potential blue sky price for the below-rail asset.

Currently, fear is ruling Labor's decisions. All Labor's decisions are made in an environment of fear because it alone created the crisis that led to this sense of fear. Does Labor really think that having a captive board of QCA Labor stooges will pass the acid test of probity in this matter? Honourable members, fear is a dreadful motive to activate a plan. Good decisions are made in an environment of confidence and prudence, not in a panic. The QCA board will work only if it is truly impartial and fearless.

Is Labor ready for this? I do not think it is. There is no evidence anywhere else where there are contentious issues. I highlight the dying CMC as it muddles along on its present confused path. Do members know anything of the features of a dying organisation? They are the same as a dying government: resignations, unhappiness, leaks, cost overruns, inability to complete even simple tasks and open disputes of leadership. The changes to the QCA Act are reasonable. Even Asciano supports them. We support these amendments as well, since efficiency and access will improve.

The third major changes are the changes that prepare QR National for sale, but they are an each-way bet since they make changes that separate the corporate structure into a form that will allow the separation of above-rail and below-rail assets. I say that this is an each-way bet, because the certainty that the Premier and Treasurer talked of when selling QR originally has now changed, because QR National is not only minus the passenger network but also the issue of the above-rail asset appears to have evaporated as well. Why? Because Labor's core constituency will not support that and Labor thinks that it can get away with selling below rail as it is so different from selling a monopoly toll road that can earn hundreds of dollars every second. The only difference is that road users are private—car owners or truck owners—and in this case the government remains potentially the above-rail owner. Honourable members, these critical state assets—the QR network—are unlocked and these changes are at a once-only price of $5 billion and they are gone. I struggle to believe that, by excluding the freight and above-rail assets of QR National, the consortium will take on the rumoured $1.7 billion of debt. I doubt that it will. Asciano has a legitimate concern about this being an outcome, because it will restrict its overall growth. That is why it has proceeded on its current path. It is considered that the members of this purchasing consortium have form in this market.

Let us look at the international comparisons of the sale of vertically integrated rail monopolies. The most recent one is the sale of the Burlington Northern Santa Fe, which was purchased for US$25 billion, which is $30 billion Australian in a critical market. It has competitors in 70 per cent of its market and it is roughly comparable in terms of transport. It was purchased by the world's most successful 20th century—now 21st century—investor, Warren Buffett. Why is QR selling its below-rail assets at 15 per cent of the price of equivalent first-tier railway global assets in a global economy?

I will give members a clue—because Labor has no idea what it is doing. It understands nothing of business, it understands nothing of what assets should be sold and how to evaluate them. Here today the Premier confused the issues of governing and a government's right to dispose of a major state asset without the agreement of the public. She failed to understand the difference between second-tier assets and first-tier assets. But critically she failed to understand what must be done with the money received from such a massive decision. She used the example of Suncorp Metway as a non-monopoly financial provider that ended up being sold in part into private hands. Largely it occurred as a result of the collapse of building societies in a credit crunch in Queensland and the merging of the entity that was created by Premier Ryan to improve public access of homeowners to a mortgage with affordable insurance.

These assets are completely different. The sale of rail in the UK and New Zealand was nothing short of a national disaster for both and it will be so here at a critical time of coal market expansion in the global market. The three biggest coalmines at Alpha, operated by Hancock Prospecting, Waratah Coal and a currently unnamed entity will double the state's output. They will also double the average rail tonnage carried. Honourable members need to remove their blinkers here. If one sectional group owns the critical pipes that carry these assets it will try to limit access so as to raise its own returns on investment and restrict competition.

Currently the public of the state of Queensland is the monopoly owner and we have the ability to grow the market responsibly and control somewhat that growth as it occurs and critically, like a toll road, take a small commission on every tonne mined and transported. This is not market power; this is the concept of mining the market. There is a difference. We must be smart. Just as increasing toll charges for toll roads just in time for their sale, as occurred in this bill, is wrong, it is wrong to jettison the key state national earning asset at a time of almost exponential growth in the export coal market on the network.

The mining sector in Australia, if people do not realise, earned 40 per cent of all company tax profits in the June quarter but is only 7 per cent of the economy. Overwhelmingly in Queensland that is significant. This bill is an enabler bill that has been introduced purely to address an asset sale that will collapse a government. It has led to the downfall of a first-term federal Labor government. There is no clear statement

as to exactly where the money from these asset sales will go, nor is there any message other than fear and panic. The impact of the loss of the AAA credit rating has destroyed much of Labor's will to go on. These asset sales will do nothing to ease the pain of the last few years, nor restore public confidence in the integrity of Labor governments. Critically, this bill is attached to the Treasurer and it is he to whom the public will attach much of their angst for his role in this debacle. There will be little leeway for penance nor forgiveness. The hostility is, and will be, palpable. It will ultimately destroy much of the critical Labor players' confidence in themselves and also any legacy they wish to leave as a mark of their time in government. In 1957 the same thing happened as the knives sharpened for those who could be blamed. The bloodletting was awful. It is coming again. History constantly repeats itself.