




Speech By
Curtis Pitt

MEMBER FOR MULGRAVE

MATTERS OF PUBLIC INTEREST

Government Administrative Precinct, Redevelopment

 **Mr PITT** (Mulgrave—ALP) (11.22 am): When the Newman government was elected, it said that it would be an 'open and transparent' government. Unfortunately, it has not followed these words with action. This Newman LNP government is determined to cover up the financial mess that is the sale of seven office buildings in the Brisbane CBD and the transfer of public servants to 1 William Street.

In September last year Steven Wardill of the *Courier-Mail* broke this story, with leaked Queensland Treasury modelling revealing that it would 'have a significant impact on both the state's operating cash flows and its balance sheet'. The same modelling revealed that 1 William Street would have a net present cost of up to \$435.6 million. The Premier and Treasurer responded in parliamentary estimates last year with the claim that they had better modelling of a \$60 million saving per year. This was modelling, by the Treasurer's own admission, based on a back-of-the-envelope calculation by considering only the total lease area rather than any comparison between the cost of owning office buildings and renting them from the private sector.

The Treasurer seemed unaware at this year's estimates hearing that his agency—Projects Queensland—uses net present value as a key gateway as to whether a project proceeds. It is concerning that the Treasurer has not taken the time to become familiar with the value for money framework or the projects assurance framework under his gateway review process. This is particularly worrying when you consider the Treasurer's poor track record when it comes to managing multibillion-dollar projects while in the Brisbane City Council.

Documents released via right to information clearly indicate that officers in Treasury decided not to question the decision to move to a privately owned 1 William Street. They decided not to question the decision because it had already been made. It was a fait accompli direct from the Premier's personal office on level 15. It was a fait accompli despite an independent fiscal analysis from Queensland Treasury Corporation clearly showing that continuing to own the office buildings was cheaper over the long term. It was a fait accompli without any independent analysis of Brisbane's commercial office rental market or the need for the government to support investment in this building.

Brisbane's vacancy rate for office space is now at 12.8 per cent over the six months to July, which is the highest level in 20 years. This, in part, reflects the weak employment conditions since the LNP came to office with the unemployment rate increasing from 5.5 per cent to 5.9 per cent. What did the Director of the Property Council, Kathy MacDermott, say about 1 William Street? She said, 'This is currently a huge unknown that is negatively impacting certainty in the market.' The Premier is boasting about locking in higher rental costs over the long term for taxpayers for decades to come to support the construction of a building the private sector is currently uncertain about—all so the Premier can have the stylish new office he longs for, the trappings to which he has become accustomed. Meanwhile, the Treasurer is still shamefully refusing to release the book value of the

seven office buildings he has sold, even under right to information requests. This is despite the previous government releasing this information about assets that it sold.

RTI documents released so far detail that the Department of Housing and Public Works has calculated a book value for these buildings, but this is still kept secret. I guess there is a good reason for this. Documents obtained by the opposition so far indicate that the total ongoing lease costs for the government from the sale of these buildings exceed the sale proceeds by more than half a billion dollars. The Newman government continues to cover up its financial ineptitude and the true cost to Queenslanders of the Premier's new palatial office tower.

Let me be clear: the opposition is supportive of the infrastructure investment and the jobs that will be supported by this project. We support those workers on the job site. However, we think these workers could be better allocated to building the essential health and education infrastructure that we all depend on for our future. The LNP is lowering infrastructure spending compared to the previous government. The general government infrastructure spend is set to track \$416 million lower in 2015-16 than projected under the previous government, with spending \$1 billion lower by 2016-17 using the same comparison.

Over the last four years of a Labor government we invested \$60 billion in generational infrastructure that has delivered hospitals, roads and schools for future generations that this government will not have to build and has helped keep unemployment below six per cent. We in the Labor Party believe in building a stronger Queensland, and we believe in our future. We do not believe in tearing it down and we do not believe in outsourcing our front-line services to friends with deep pockets.