




Speech By
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MEMBER FOR MOUNT ISA

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ADJOURNMENT

Sale of Public Assets

 **Mr KATTER** (Mount Isa—KAP) (1.02 am): Asset sales has firmly established itself as the main topic for discussion in parliament in the context of the current budget. The government has aggressively pursued this agenda since being elected to office, with the ground being made fertile from day one in office by it creating strong arguments relating to the treatment of debt. At the outset, I acknowledge the existence of the debt, but I object strongly to the one-dimensional approach in which it is being addressed.

This argument all stems back to the ideological cancer that is economic rationalism, which has firmly entrenched itself in political parties, our universities, our schools and our Treasury. I remember being a member of the Mount Isa City Council when we had Queensland Treasury espousing the virtues of asset sales some four to five years ago. I still disagree just as strongly today as I did then with many of the arguments driving economic rationalism and I would like to address one of those, with a particular focus on the Great Northern Railway from Townsville to Mount Isa.

About three years ago MITEZ—or the Mount Isa to Townsville Economic Zone—undertook a study of this area, which represents an area with a gross regional product of approximately \$14 billion. The cheapest transport route from Mount Isa to Townsville is via rail by a factor of about 300 per cent. The rail in that area makes us very competitive. Mines that do not get access to the rail line are paying three times as much if they have to take more on the roads. So it is a big factor if we do not have our rail acting as efficiently as it should.

In 1997 the Queensland government was part of an accord that committed to getting commercial rail on axle loads of up to 21 tonnes, travelling at an average of 80 kilometres an hour. The trains used to travel up to 80 kilometres an hour—used to. Now, they are travelling at 40 kilometres an hour. My discussions with train drivers of 30 years and more experience confirmed this. Many people involved in the rail say that the trains are going slower now because the track is not maintained. We do not have the fitters employed and there is no investment in the tracks. So the track warps. It is not maintained. There are 'slow down' signs all along the rail lines now. So we have fewer trains travelling along that line, putting more trucks on the roads. So our mines are less competitive. Now, we have 'slow down' signs on the road because they cannot keep up with the maintenance of the roads.

If the government cannot find the money to invest in this infrastructure, the solution is private industry, which only accepts hurdle rates of 10 per cent to 20 per cent return on their capital. The government should accept a hurdle rate of zero per cent on these assets, because they could facilitate so much industry development. There is so much revenue coming out of these mines. They could reduce their transport costs by a factor of three. So selling the asset is just a terrible result and denies Queenslanders the opportunity to facilitate development in that area in perpetuity.

There are huge opportunities with that rail line to make our mines more competitive in that area. I can absolutely guarantee that there is not going to be magical investment in this rail line by private industry. That seems to be the answer and it is a poor answer.

(Time expired)