




Speech By
Hon. Curtis Pitt

MEMBER FOR MULGRAVE

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MOTION: ABBOTT GOVERNMENT, INFRASTRUCTURE FUNDING

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships) (12.41 pm): Last month we saw the Hockey budget deliver no new infrastructure funds for Queensland for any of our significant projects. When it comes to federal infrastructure funding for Queensland, the figures say it all. When natural disaster payments are subtracted, the level of Commonwealth infrastructure payments to Queensland has more than halved over the last three years of the LNP compared to the previous three years of a Labor government. While Labor governments, state and federal, partner to build infrastructure, the LNP in Queensland cuts infrastructure spend at a state level and goes weak at the knees in capitulation to Canberra.

Let us look at the figures. Between 2009-10 and 2011-12 under Labor, the federal government spent \$8.03 billion in Queensland on infrastructure—an average of \$2.68 billion per year. Between 2012-13 and 2014-15, largely under LNP governments, the Commonwealth spent just \$3.17 billion in Queensland on infrastructure—an average of \$1.05 billion per year. Queensland has been duded by LNP governments, at both a state and federal level. Queenslanders know that Tony Abbott and Joe Hockey have abandoned them, just like the Newman-Nicholls government did, and their cornerstone infrastructure funding policy—asset recycling—is a sham. Joe Hockey refuses to listen to the will of the people and rewrite—or, better yet, scrap entirely—the asset recycling initiative.

The world has changed a lot since Joe Hockey first announced his ill-thought-out policy in March 2014. Back then, Barry O'Farrell was premier of New South Wales, Denis Napthine was premier of Victoria and Campbell Newman was premier of Queensland—good news comes, doesn't it! It beggars belief that you can cook up a deal with state governments then claim the deal stands when none of the same premiers are even standing. Of course, in the cases of Victoria and Queensland, the same parties are not even in power anymore. Not only is the asset recycling initiative bad politics; it is also bad policy as it currently stands. As Professor John Quiggin told a federal Senate inquiry on the policy—

The implication is that that (a) privatisation decision must be marginal. Obviously, if we were in a situation where state government had an asset which it held as a substantial premium product it would not need the subsidy program to make that decision.

He went on to say—

So, what we are seeing, as with most subsidies, is bad decisions. In this case, bad privatisation decisions are being encouraged by the presence of the subsidy. The fact that you cannot get it for a privatisation that makes such strong economic sense and for which you do not need the subsidy is an indication of exactly how things are being distorted on both sides of the decision. Regarding both the assets originally for sale and secondary investments, this program distorts both of those decisions.

Those opposite bang on about how privatisation is letting the market determine a fair price. Well, this is actually nothing of the sort. This policy essentially distorts economically sound decision-making in favour of privatisation. Even the Productivity Commission has taken a swipe at this policy. It said—

Privatisation has been raised by participants in this inquiry mainly in the context of 'capital recycling'—that is, selling existing infrastructure assets and using the proceeds to finance new infrastructure projects. The Commission's view is that privatisation should only occur when it is in the community's interests in its own right, as a tool to improve efficiency. What is done with the proceeds is essentially a separate issue. Linking the two issues through capital recycling may help to build community support for privatisation, but there are also risks.

When you are a conservative government being criticised by the Productivity Commission for essentially distorting the market, you know you are doing something wrong. When Labor governments of different levels work together, we get projects built—projects like the Gateway Motorway, the Moreton Bay Rail Link and the Gold Coast Rapid Transit. When Liberal governments come together, you get cuts, buck-passing and magic pudding policies. Regarding the amendment to the motion, I happily table a letter to the federal Treasurer.

Tabled paper: Letter, dated 4 June 2015, from the Treasurer, Hon. Curtis Pitt, to the federal Treasurer, Hon. Joe Hockey, regarding infrastructure funding for Queensland [\[565\]](#).

We are happy to put projects forward, but the key point I would make is that we need to see the details. Project suitability for support under the fund can only be determined when the fund's arrangements are known. I sat in my office here at Parliament House with the federal Treasurer and he was still figuring out the details at that time. I think it is very important that he comes up with the answers and tells us exactly how we can tap into this funding.

I reiterate my previous comments that the Palaszczuk government believes the people of North Queensland deserve real, new Commonwealth funding for infrastructure projects, rather than concessional loans that may have a range of unknown and potentially restrictive conditions attached to them. However, in the interest of prioritising jobs and economic growth in regional Queensland, the Queensland government stands willing to work with the Commonwealth to seek to establish appropriate arrangements for the fund so that North Queensland can access its fair share of these concessional loans. I say again that those opposite are still in love with asset sales. Everything they do with their funding from the previous government is linked to asset sales, and I think Queenslanders have made their decision. Let us see if Mr Hockey can do the same.