




Speech By
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MEMBER FOR MOUNT ISA

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APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL

 **Mr KATTER** (Mount Isa—KAP) (4.27 pm): I rise to make a contribution in the debate on the Appropriation Bill. As I have done every year that I have served in this place, I would firstly like to go through the benefits that we are most grateful for and thank the government for them on behalf of my electorate.

The first area is feral animal and pest management. It is a very big part of what we do. It combines environmental interests with production and business interests. Our main business is cattle production. We have a gargantuan infestation of prickly acacia across the beautiful, open Mitchell grass plains throughout Western Queensland. It is a terrible scourge on the environment out there. Every dollar in this area counts at the moment. It provides good employment. It is good for the environment and it holds the topsoil together better when there is Mitchell grass on those plains and not prickly acacia. It is a relatively small amount of funding which is not commensurate with the size of the problem, but it is money that is there so we appreciate of that.

Not much needs to be said about wild dogs. They are not a big issue in the cattle country up north. Controlling feral pigs and the like is a big issue. There is \$5 million in funding for controlling feral animals and pests. That is very helpful.

When it comes to the drought relief assistance package, I would like to say that I am grateful for the money—the same as under the previous government—but that package is pretty much useless and in no way commensurate with the size of the problem out there in Western Queensland, particularly in my electorate with those larger parcels and most people not being able to access the drought concession loans. One officer in particular out there said that he has given up trying to get people to even apply for the household assistance package because so many people are ineligible for it, and a lot of people have stopped bothering to apply for it. I do not even make much effort myself spruiking that package anymore, because it has run out of steam and goes no way to solving the issue. Whilst we are grateful for some money being available, a lot needs to be done in that space. I would like to come back to that later in my speech.

There is \$8.1 million for the Indigenous Land and Sea Ranger program. That has been a good program that fits in well with pest management, burning off and that sort of thing up there in the gulf. It has been a very successful program, and I commend and give much credit to previous governments for supporting that and to those people for the job they do.

There is \$470,000 for stock route management. A big part of the drought is that people—not for some time but now more than ever—are putting cattle on the road, on the stock routes. That means they need water facilities every so many kilometres, and a lot of those water facilities have been left to

run down, so a lot of people cannot effectively use those stock routes. So that money is very helpful as well.

The centrepiece of this budget for Western Queensland—and I think all of Western Queensland should be very grateful—is the Western Roads Upgrade Program. That is an excellent initiative for Western Queensland. Many councils should be very, very grateful for that money. I think a lot of mayors and probably a lot of members of parliament were doing a lot of soul searching 12 or 18 months ago when the rural crisis was really starting to bite. Councils were not getting their rates in. Shops in towns were getting nothing through the till, and that is still the case. Councils thought, 'We have a bit of a problem here because, if people are losing jobs in town and no-one in the cattle industry has any money, they are not spending any money. How do we stimulate the economy?'

There was talk of approaching the federal government for a large stimulus package to give rate relief to councils. I think everyone landed in the same place—that the main business in most of these towns is councils. They are the main employers and their main business is usually roads. So putting money into roads in these regional councils is a really effective way of stimulating those local economies and keeping the towns alive and keeping people out there. It is good, smart spending by the government, because if you build a road it improves productivity. You have more trucks moving around the country. It certainly enhances our productivity.

When sections of the Hann Highway were upgraded by the government some years ago, one cattle producer said that it made a difference. From loading on his property to loading and unloading in Hughenden used to take 12 to 13 hours; now he does it in about four or five hours. When you fix these roads, you can multiply that by thousands and thousands of cattle producers out there. We believe that more can be done all the time, but I acknowledge that good progress has been made on these roads over the years. There has been continual improvement. The whole industry works a lot better. I believe that we have a good, strong competitive industry out there in the cattle industry because of a lot of effort that has gone into improving roads in the past. So it should be acknowledged that the Western Roads Upgrade Program is a great contribution.

Part of that is the TIDS program, which has gone unheralded to this point, but it is a pretty big thing. A lot of mayors said to me after the last election, 'Rob, for goodness sake, if you can get the TIDS money back ...' I know that it was part of the Labor Party policy before the election to take it from \$30 million—in fact, I only found out today that it had been up to \$40 million under the previous government; that had been reduced and that was a big blow—up to \$60 million in 2016-17. But now we have \$70 million in TIDS for 2015-16 and again in 2016-17. That puts a lot of wind in the sails of the councils out there and they should be very appreciative.

I show my appreciation to the government on behalf of those councils today because I know that means a lot to them. You have ensured the survival of a lot of these businesses in town at least for the next few years. I think there will be a lot of people breathing a sigh of relief once they realise the impact of this once that has been properly communicated to all of those contractors and others who live in western areas. It is a big thing and it means a lot to Western Queensland. I think it was well placed for the member for Gregory to also show his appreciation. Anyone from those sorts of electorates realises what those packages mean. I see the roads minister in the chamber, so I pass on my thanks for that package.

An infrastructure project that was not in the budget that I think could still be of great benefit to not just the people in my electorate is the upgrade of the Hann Highway. The Hann Highway is part of the blueprint for the federal government. They have identified it as a strategic project. We are still very optimistic that, once things are worked out with the federal government in terms of the way that project is rolled out, it will go ahead. I know that it has been identified by this government as significant. I know that it has been put in the white paper by the federal government. There is a lot of impetus behind that project. I think it is a very good case in point for a nation-building project. You may not realise the full benefit of it now, but it will stimulate industry and growth at both ends of that corridor. I think the rest of Australia would see benefits from our state putting money into that project. That would be something that requires funding down the track as it needs to be done. Water supplies in my area that need funding were also missed in this budget—the Forsayth Dam, the Normanton water supply and the Mount Isa water supply—and that situation desperately needs to be addressed.

I want to make some general comments about the budget. I appreciate, as I did with the last government's budget, the propensity to address debt and fiscal balance. I think the general public have had their appetite satisfied. Certainly they have been influenced by the media that fiscal balance is the be-all and end-all in the budget and in the government's handling of the budget. It is certainly very important, but in terms of the policy platform I think industry policy can be a dirty word and often gets lost in the mix. Whilst there are always infrastructure projects out there that help, if the conversation

starts with fiscal balance, I do not think that is the best strategy. I think the conversation needs to start with what is the important infrastructure that needs to be built that will stimulate industry and then let's look at funding it. Debt funding for industry-building infrastructure builds jobs, builds revenue and stimulates the economy in the process. Numerous commentators will support the view that there is adequate capacity for public debt to fund infrastructure, but it must be the right infrastructure.

You will hear ad nauseam—and I think it is pertinent in the context of the redistribution debate—that we are underrepresented in western areas. Like it or not, in Queensland a lot of our industry opportunities are west of the Great Dividing Range. Paradoxically, you might say that the population is not there. With the growth in FIFO and centralisation, there is less and less population in my seat—which is why there will be an argument to expand the size of my seat.

We are having a discussion about the northern white paper because the rest of Australia acknowledges that very much of the growth potential exists in the north of Australia. I see it as I drive past it weekly in my electorate. Everyone there from all walks of life acknowledges it and knows it must happen at some point in our lifetime, and it will happen whenever a government wants to take advantage of that. Things do not happen quickly but they must happen. Public debt is not always the best, but it is a perfectly acceptable way to make these things happen and may be absolutely necessary to make these things happen. That is the only way I think that you are truly going to take the budget forward and build the revenue that is so desperately needed.

Whilst the debt has been contained in this budget, there is still a growing problem in employment. All of those projections may seem ambitious in the context of what we see and feel out there in the general public. I think there is a desperate need to unlock some industry, and that is why we have to be talking about things like ethanol. It is not huge but it is a new industry and it opens up the door for providing that floor for agriculture and providing a base for new jobs, and that is what people want to hear.

If we are preaching to the general public out there or putting ourselves on the TV screen, they do not want to hear the same old rhetoric about creating jobs from thin air; they want to know exactly how that is going to happen and through what industry. The general public understand industry. They understand that, if there is a new product being put out there that is breaking into the market, like ethanol, then it must mean new jobs. So I think that is a good case in point. Whilst it is not a gargantuan industry, it is effective, it certainly has a place in our economy and I think there are great opportunities there.

I would like to focus on one thing that is not addressed in this budget, but is a big part of our economy and our industry and our ability to achieve balance of payments federally—that is, our capacity to provide profit and earnings through agriculture. There is a rural crisis at the moment and it is a rural debt crisis. Our rural industries are competitive; on their own, they are competitive. At the moment, there is a big debate about foreign investment. Foreign investment is fine just so long as our own Australian farmers and those people living out there in the Mount Isa electorate, for example, have the same access to subsidised capital that all of these other countries do when they come and buy our farms. The capital they are using is actually more unproductive than the capital we have because it is subsidised. If people do not believe you support industries, well do not let these people use subsidised capital to run it inefficiently on Australian soil.

We have farmers and families who do a good job. They are very productive at running these places, but rural debt is ballooning out of control. That is not because they buy up properties; it is because they borrow money in hard times to try to feed their cattle, or they go into overdraft during these droughts when they have prolonged periods where they have no income. That has happened in Western Queensland for three years now. We have a \$4 billion beef industry—and that is the last figure I heard—which is pumping all of these taxes and income into the Queensland economy but it is severely compromised at the moment. In fact there is not much revenue coming off it at the moment. With the reconstruction board, these industries can be saved. It is a cost-effective way for the Queensland taxpayer to keep the best equipped people to perform land husbandry on those places out there; it is the best style of management and the most effective management we can have. More importantly for me, it will at least preserve whatever communities we have out there. We have already lost a lot of people out in western areas, but it will at least preserve the communities. What is the alternative direction we can go in out there in Western Queensland? If we do nothing—as is happening right now—and just continue with the current drought assistance, we will see a completely different picture down the track.

I refer to a radio forum last week on the ABC where the Bulloo shire mayor and the Paroo shire mayor said that it was not that they were against foreign investment, but if a large institutional investor

buys these places and amalgamates them, they do not necessarily manage them better but three or four families are taken out of our towns and that is what really hurts us. That is a big problem in a social context and also in an economic context in the longer term. Once you lose those people off the land, they will not magically flood back once the market improves. The market will not bring all of these people back, and we are losing hundreds of years of experience from people who know how to run proper stocking rates and know how to look after the country out there. The alternative is employed management from super funds or foreign owners who put people on gap year to manage these places. That employed management is never going to be the same as the unit we have out there. There is a solution for all of this, and it is a reconstruction board to address rural debt which is a very big part of the Western Queensland economy. Once we go west of the Great Dividing Range, particularly in the northern areas, we are talking cattle and mining. Once we can do that, that is a big step forward.

I need to address mining. There have been some good advancements in this term, and some credit must go to the last government in terms of the copper smelter emissions. That has been delivered and that helps stimulate mining. That is nothing to do with the budget, but mining is a big part of what the Mount Isa electorate gives to this state. The QRC document I have says that it contributes \$2.5 billion and about \$300 million a year in royalties to the state—that is royalties alone before we talk about payroll tax or any other taxes they generate for the state. All things being equal, we pay our taxes like everyone else in Queensland but we then contribute another \$306 million a year in royalties.

If we want to go back and talk about infrastructure and competing for infrastructure, the rail line in Mount Isa is always a great case in point. There was an accord signed in about 1996 with Queensland and the rest of Australia saying that all of our trains should run at 80 kilometres an hour. What has happened in Queensland since they corporatised all parts of Queensland Rail and broke it up into these different entities? All the maintenance crews that used to be in the small towns of Julia Creek and Richmond no longer exist, so we have a private contractor trying to fill in all of the gaps along the line. What happens is that the lines out there warp from the heat, the black soil and the wet and the trains have to go slowly so that they do not roll over. We had something like 12 rollovers in a short period a couple of years ago when we had to increase the capacity to get ore to the coast.

There are 'slow down' signs all along this rail line now which is forcing a lot of people to try to put trucks on the road to cart all of their produce to the coast. The last time I checked the GRP coming out of there was \$15 billion. So we now have all of these trucks taking this produce to the coast and that can cost up to three times more. What is that doing to their competitiveness when the produce is put on the road? These trucks are ripping up the Flinders Highway, and the Flinders Highway now has 'slow down' signs all the way along it.

So we have trains that now operate at 40 kilometres an hour because there are 'slow down' signs along the line because they are not improving the track and instead they are just, at best, stopping it from completely collapsing. The quality and standard of that line keeps diminishing so people are going on the roads, but now the roads are being flogged. We are going backwards. We have a north-west mineral province putting in \$300 million a year in royalties, and that rail line as a key piece of infrastructure is going backwards. Those things have to be fixed if we want to improve competitiveness, if we want more mines and more industry along those lines. That is a good use of infrastructure—not more tunnels in Brisbane and more soft infrastructure.