




Speech By  
**Deb Frecklington**

**MEMBER FOR NANANGO**

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**CROSS RIVER RAIL DELIVERY AUTHORITY BILL**

 **Mrs FRECKLINGTON** (Nanango—LNP) (Deputy Leader of the Opposition) (9.20 pm): I rise to make a contribution to the debate of the Cross River Rail Delivery Authority Bill 2016. At the outset, I thank the opposition members of the committee that considered this piece of legislation for their contribution. This morning in the House the member for South Brisbane, the Deputy Premier, said—

... the Premier has made it clear, that we will work hard to get infrastructure dollars out the door ...

That certainly has not happened when it comes to Cross River Rail. The LNP supports additional heavy capacity to service population growth; however, the value of the Cross River Rail project has simply not been demonstrated by Labor. It continues to push Palaszczuk's pet project, which comes with a \$16 billion price tag, with no public strategy on how to fund it. The question remains: if the Deputy Premier believes that she can fund this project, why does this Palaszczuk Labor government not just deliver it? Why does it need another bureaucracy?

This pet project remains unfunded and remains unaffordable. There is no greater example of Labor's inability to deliver than this pet project. This inability has followed successive Labor governments—from the Bligh government, in which the now Premier served as transport minister, to the current inexperienced Palaszczuk government, in which Stirling Hinchliffe is now the minister. The member for South Brisbane continues Labor's strong performance of inaction.

In 2013 the member for Inala, the now Premier, said that Cross River Rail was shovel-ready. She also said that Cross River Rail was ready to go, yet after almost two years in office Labor is yet to turn the first sod on the Premier's pet project. In fact, the project could be said to have virtually gone backwards under the leadership of those opposite. Members of this House will remember that the member for South Brisbane, the Deputy Premier, lost the transport portfolio after less than a year and sowed the seeds of delay with the Redcliffe peninsula line and the 'rail fail' train driver shortage.

It took the member for South Brisbane until August 2015 to put out her first ministerial media statement on Cross River Rail. That ministerial media statement was not a step forward for transport planning in Queensland; it was several steps backwards, with the only thing committed to being the dropping of any integration of buses and trains. It took the member for South Brisbane as transport minister nearly eight months to take an integrated option off the table and recommission a business case on the Cross River Rail project that was described by the now Premier as shovel-ready back in 2013.

It then took 10 months and over \$8 million to complete the business case for Cross River Rail—the business case that still has not been released. Then they tried a cheap political stunt during the federal election campaign by demanding both parties fund the business case that had only just been completed. One would think that a government that had declared itself as open and accountable would have released the business case for the Cross River Rail project.

If this project is as good as the Palaszczuk government believes it is, why will the Deputy Premier not release this report? You have to ask what they are hiding. We soon found out what they were hiding, after the opposition office happened to have a small executive summary of that business case dropped

off for us. It made some interesting reading. As soon as anyone reads the executive summary of that business case it becomes painfully clear why the member for South Brisbane was so intent on keeping that business case secret. It is a business case built on bold assumptions, stacked with more and more bold assumptions.

The business case suggests: a new congestion tax, paid for by motorists, amounting to \$1.2 billion; a new motor vehicle registration levy, paid for by motorists, equalling \$1.22 billion; more land tax on nearby property owners, \$1 billion; a new public transport infrastructure tax, paid for by property owners, \$2.6 billion; a new ticket surcharge, paid for by public transport users, \$1.08 billion; and, to cap it off, higher rates on nearby property owners, \$285 million. That amounts to over \$7 billion of new taxes or charges.

We all know that it is in Labor's DNA to increase taxes and charges. Labor never saw anyone else's money that it did not want to spend. Many a time the member for South Brisbane has tried to justify this tax grab by saying that it is a requirement—the Deputy Premier repeated it in the House tonight—of the federal government that value capture be considered. It is probably the first time we have seen the member for South Brisbane or the Labor Party take an order from the Turnbull government. In any case, we know that it is simply not true. Page 20 of the Turnbull government's Smart Cities Plan states that value capture 'will not be suitable for all projects but should be considered on a project by project basis'. I wonder why a business case that has assumptions of up to \$7 billion would be just sitting in there and not considered on a project-by-project basis.

We know with the introduction of this bill that the member for South Brisbane and the Premier think value capture is suitable for Cross River Rail. It is obvious that that is one of the main mechanisms by which this No. 1 pet project of the Palaszczuk government is to be funded. This bill, as introduced by Labor, will allow for the proposed Cross River Rail Delivery Authority to have delegated powers from the minister for Economic Development Queensland to impose these new charges and special levies on landholders. In its submission to the parliamentary inquiry the Property Council said of Labor's plan—

... the Property Council remains cautious of the prospect of utilising 'value sharing' or some form of 'value capture' levy to contribute towards financing Cross River Rail. The Property Council has cautioned the Government on the need to ensure any potential funding model does not become simply another tax.

It continues—

... poorly designed 'value capture' levies, based on perceived increases in property values, pose a significant economic risk.

...

The Government should seek innovative uses of existing revenue streams prior to developing new bespoke taxing models to finance the Cross River Rail project.

It is clear that, along with the LNP committee members, key stakeholders have grave concerns about the lack of consultation and the impact of the Palaszczuk government's plan for secret taxes to fund the Cross River Rail project. We also know that there are members of the cabinet who have concerns with the Deputy Premier's plan for these secret taxes masquerading as value capture. The Treasurer, at his post-budget address to the Committee for Economic Development of Australia, was completely dismissive of the Deputy Premier's plan to fund Cross River Rail when he said—

When we talk about value uplift and value capture, yes it's going under the river, there's a not of people either side of that line, maybe a few cray.

There you have it: the Treasurer and the Deputy Premier are totally divided on this No. 1 project or the way they are planning to fund it, with the Treasurer publicly ridiculing the Deputy Premier and value capture for Cross River Rail.

Labor has kept Queenslanders in the dark about the true cost of this project and how it will be funded. This is especially concerning given that the 1.21 cost-benefit ratio stated by the Deputy Premier failed to take into account the European Train Control System, even though the ETCS was funded in the 2016-17 budget. After media questioning, Building Queensland had to remodel the cost-benefit analysis for Cross River Rail and the benefit ratio reduced significantly, to 1.06. This is an embarrassing mistake and undermines public confidence in the secret cost-benefit analysis. This means that the claimed benefits of the project barely exceed the costs.

We all know the Deputy Premier was then caught out during estimates when the LNP revealed that Labor's stated \$5.4 billion cost of Cross River Rail only included the tunnel. The Deputy Premier had not included the cost of trains—a blunder and a clear indication that the Deputy Premier had no plan on how to fill the large financial black hole of Cross River Rail. It gets better: the Deputy Premier had also forgotten the operating costs and the costs of works to other stations to support the Cross River Rail project. These hidden costs are real costs. These costs have blown the cost of this project out to over \$16 billion.

**Mr Seeney:** I bet she forgot train drivers, too!

**Mrs FRECKLINGTON:** I take that interjection from the member for Callide, who said, 'I bet she's forgotten train drivers as well.' We need to factor those in. When we hear the cost of this project is \$5.4 billion, we have to take into consideration the added-on costs which put this project at \$16 billion, and that is the concern that Queenslanders have with the project: how is Labor funding the project?

Like I said at the beginning, it is not in relation to the need for a heavy capacity; it is about how this government plans to fund its pet project. Even before we had seen the Premier had broken Labor's election promise not to sell assets, the Deputy Premier had already modelled land sales in the secret business. Over \$200 million in land sales was attempting to fill this \$16 billion black hole. Even with these election-promise-breaking land sales and the secret taxes, it is simple mathematics that Labor is still well short of the \$16 billion needed for this pet project and, after two budgets, Labor has allocated only \$50 million—not for any construction works but for more studies and more consultants. If Labor was serious about Cross River Rail, it would find the money in the budget. After all, Labor has cut \$2.3 billion from the LNP's infrastructure programs and failed to deliver \$2 billion of its promised infrastructure last year. If only the member for South Brisbane had the numbers around the CBRC table! Maybe the Deputy Premier actually does but she just does not want to deliver the Premier's pet project.

We then saw the Clayton's commitment of \$800 million that is not in the budget. This is not a real commitment. We cannot have an announcement of \$800 million in the budget for a project when it is not budgeted for. Again, it is simple 'Labor-nomics'. It just does not add up, especially when Labor describes the commitment as 'in principle'. The Palaszczuk Labor government needs to decide whether it supports this project or it does not, because if it does support this project it will find the money to fund the project.

Labor has not just been fighting with itself on how to fund Cross River Rail; it has also been fighting with the Brisbane City Council about integrated projects—projects like the Brisbane Metro that would address the clear and present problem of bus congestion in the Brisbane CBD. Bus congestion currently chokes CBD roads during peak hours, impacting on all road users, not just public transport users. Yet the Premier has told Brisbane City Council and the Lord Mayor to ditch his metro style plan. The Premier went on to say—

Forget it, because what we need is all three levels of government focused on the most important infrastructure project for our state, which is the Cross River Rail in south-east Queensland.

There you have it: a Premier who cannot walk and chew gum at the same time, a Premier who does not have a plan to solve bus congestion in the Brisbane CBD, a Premier who could not deliver Cross River Rail as transport minister and simply cannot deliver it now as Premier. The Deputy Premier does not want to support the metro project given that it can be delivered at a fraction of the price and said—

It can't cannibalise it, it can't duplicate it. It would be silly to spend money on two public transport projects that effectively do the same thing.

This is a startling admission from the Deputy Premier and a great insight into 'Labor-nomics' which we know never adds up. It is not the only startling admission from the member for South Brisbane in relation to Cross River Rail. In an interview on 4 October with the Deputy Premier, Steve Austin said—

Now the *Courier-Mail* has a story this morning that you haven't even established it yet. It's late. It was supposed to start now. In fact you haven't even drafted the legislation to facilitate its establishment. Why not?

The Deputy Premier replied—

Steve, look that story is actually factually incorrect.

Steve Austin said—

Where?

The Deputy Premier went on to say—

Let me explain why. Where? Well, firstly as we said it would be established in October and the last time I looked it was early October. The legislation has been finalised and it is going to cabinet very soon. I have said, and I explained this to the *Courier-Mail*, that the model we are pursuing is the same model we pursued with Building Queensland and that is to establish the delivery authority internally until the legislation goes through the Parliament. Legislation, and as it should, because as I said this is a \$5.4 billion project ...

Then Steve Austin goes on—

Sorry, let me interrupt Deputy Premier. You've told me that, but the paper says that the legislation has not been introduced, meaning introduced to parliament. So the paper is quite correct. You haven't even sent it to Cabinet yet, so the ... story is correct.

It is just incredible that we have been waiting on this bill. We assumed it was going to be delivered back when the Deputy Premier was on Steve Austin because she said it was going to be and the legislation was being finalised and the secret business case's time line said it would be done by October. We know that now, on 1 December, we are eventually debating the bill. I have to give the Deputy Premier credit there. We are debating the bill a couple of months later with respect to her time line, although it is interesting to note that there has not been a big rush to get this bill through.

What hope do Queenslanders have to get infrastructure delivered on time when this Palaszczuk government cannot even establish the delivery authority and then when the public finds out how incompetent it is it will not come clean and admit that it is actually late on its own modelling? Here we are with a delivery authority that is late, we have a tunnel without trains, taxes without consultation and a pet project without a competent owner.

It will not surprise the House that I will be moving several amendments to the bill. The LNP has serious concerns with the bill and I foreshadow the amendments that have been circulated in my name. The LNP is concerned about the secrecy about how it will fund the project, including the use of value-capture mechanisms under delegated powers from the Minister for Economic Development Queensland. Labor has ample opportunity to inform property owners, public transport users, motorists or anyone else that Labor intends to impose a new special rate, tax or charge. Labor has failed to undertake this consultation.

Additionally, there are no safeguards in the bill. There is no obligation in the bill for public consultation to occur before these rates, taxes and charges are levied. There is no appeal mechanism for the impacted parties. The board is appointed by the government, but the members of that board are not elected officials. The chief executive of the delivery authority will be employed outside the Public Service Act, as will many of the other delivery authority staff. The delivery authority will be commercially focused. It is a recipe for disaster to give this authority delegated powers from the Minister for Economic Development Queensland to impose these special rates or charges. The LNP opposition also considers it inappropriate for any powers delegated to the delivery authority board from the Minister for Economic Development Queensland to be subdelegated to another set of delivery authority personnel. There is no justification provided in the bill for this arrangement. Again, it moves substantial power away from elected officials and reduces accountability.

Again, in failing to fulfil its promise for openness and accountability, the government has sought to exclude the delivery authority from the Right to Information Act, except when it is performing a community function. As a statutory authority, the delivery authority will not be subject to the scrutiny that a public company would be, but the government has excluded it from the scrutiny that would ordinarily apply to a public entity. There is inadequate explanation for that in the bill. The government has ignored the existing protections in the Right to Information Act about information that is commercially sensitive. The government has taken the easy way out and, given its conduct to date about the Cross River Rail project, the LNP opposition sees no reason to support this exemption.

The bill seeks to allow the chief executive of the delivery authority and other staff competitive market salaries outside of the restrictions on Public Service pay rates. Given that there are numerous departmental heads in the Public Service who are paid more than half a million dollars a year, it is staggering that the government must offer higher salaries than that to oversee a delivery authority for a project that is already underfunded. It is clear that Labor has again lost touch with reality. The LNP opposition urges the Deputy Premier and Labor to harness the skills and experience within the Queensland Public Service. The Public Service has delivered big projects such as Cross River Rail before. When in government, the LNP had experience in developing such projects—for example, delivering the \$10 billion rescue package for the Bruce Highway. Labor needs to back Queensland's public servants.

As I said at the beginning of my speech, the LNP supports additional heavy capacity to service population growth. However, this Labor government has not demonstrated the value of the Cross River Rail project. The government continues to push the Premier's pet project that has a price tag of \$16 billion and no public strategy of how to fund it. After nearly two years in government, the Palaszczuk Labor government has further stalled this project. This is evident by no funding in either of its two budgets for the construction, a delivery authority that was not established in October in accordance with the business case schedule, and no financing plan. The LNP opposition believes that Queenslanders already pay enough tax and that governments have an obligation to live within their means and not waste taxpayers' money but still provide essential public services.