




Speech By  
**Robbie Katter**

**MEMBER FOR MOUNT ISA**

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**APPROPRIATION (PARLIAMENT) BILL; APPROPRIATION BILL; REVENUE  
LEGISLATION AMENDMENT BILL**

 **Mr KATTER** (Mount Isa—KAP) (8.10 pm): I rise to make a contribution on the Appropriation Bill 2017. The third budget of the Palaszczuk government needed to address the unemployment crisis facing both north and outback Queensland. The Katter party believes that the government has failed to address this and therefore takes a negative view of this budget. The fundamental drivers of these unemployment figures are firmly entrenched in declining industry conditions around many of our great and once proud industries in North Queensland. Not only are these industry conditions affecting our existing industry but they also limit emerging other industries in our patch of the world. It is frustrating beyond belief to continue to watch these opportunities remain immaterial.

Unemployment says so many things about the state of the economy. I often hear in the economic commentary, in this House and out in the public domain, comments about why would we talk ourselves down and why use the word 'crisis'? It only breeds negativity. That can be a good point of view to have if one is confident that every now and then the government will come in with the cavalry in terms of big infrastructure spends and change the policy to pick things up. But I cannot say that we have that confidence, certainly not in outback or in North Queensland, because all we see in those fundamentals is the sand falling from under us in those towns and cities in those areas. I do not think anyone out there feels that no-one cares; I just think that so many times we seem to be forgotten in the mix.

I shall go through what I mean in that respect. Please know that what is happening in North Queensland and the outback is very bad. Despite terrific enterprise and effort from many individuals and councils, there is no reason to expect much change in the future from this budget unless, of course, there are strong counteractions and moves from the government, not all of which require budget capital; some just rely on policy changes.

I refer to some of these unemployment figures, because they very strongly form the basis of our position. The average unemployment across Queensland is six per cent but I turn now to youth unemployment, in Cairns it is 21 per cent, in the Queensland outback it is 41 per cent and in Townsville it is 21 per cent. Over the last two years there has been some consistency with these figures. Outside Brisbane city, with the odd anomaly, unemployment is stuck in double digits. That is what we see on the ground and it is very consistent with the adversity faced in those areas.

The ugly face of some of these hardships is a rise in job cuts. Although about 60 job cuts does not sound like a big number in here, I assure members that has had a devastating effect from Charters Towers in the member for Dalrymple's electorate and out to Mount Isa. That has wreaked devastation on local economies. The Lady Loretta mine closure in 2015 saw 450 jobs go, most being FIFO jobs for Townsville, but that still represents a big blow. Century Mine closed down and with it 850 jobs. Mount Isa Mines has endured hundreds of job cutbacks.

I refer to Public Service cutbacks. We all know there was a big load of those cutbacks in the last parliament under the Newman government. The number of public servant FTEs who returned to the field equated to about five per cent in the regions, but in outback Queensland it stayed at 2.1 per cent. Hardly anywhere is below five per cent but we are stuck at 2.1 per cent in terms of people returning to the regions. It has been very evident that a number of those officers and positions that were taken have never returned. That has been a big blow to our economy in those areas. There is a lot of pain in those areas.

To give people a bit of a sense of what it is now like for someone living in Mount Isa, if they go to the doctor, want to visit family in hospital or need to attend a funeral, the last few flights I have paid to get to Brisbane were never less than \$500 or \$600. It costs over \$1,000 at least to fly down here. If one has a wife and a couple of kids, it is easily \$4,000 or \$5,000 to visit anyone. I can barely afford these flights now, so I do not know how anyone on normal wages can afford these prices. We are losing all our jobs out there and the future does not look good in industry out there. There is not the job security that there used to be.

In terms of driving on the roads out west, it is not just the rail charges but the way the rail has been managed that means more and more mines are looking at putting ore on the road. It is less safe to drive on the roads if one does not have enough money to fly to the coast. The roads are more and more cut up, because ore is not on the rail. I am particularly angry about that, because as a taxpayer if it is not on the rail I am not getting any revenue from it. I do not get any revenue when the ore goes on the road and it is ripping up my road and making it unsafe for me to drive my family to the coast. We see hundreds of thousands of tonnes of ore on the road, because that has not been managed effectively and it ruins viability. There are mines, too, mind you. Obviously if one lives in these areas, one faces a lot of adversity as it is. Flight costs are high and job security is not what it used to be. There are some big problems.

I spoke about some of these core issues that industry faces. I do not want to gloss over that too much, because it is important that I put my name to something that I think is a real problem. One issue that I have talked about in this House for five years, and certainly with this government, is energy prices. In the north-west, that is a really good conversation to have because we have a stranded base-load power station that is 100 per cent reliant on the price of gas. The price of gas has increased significantly over the years. In some cases, mines face increases to one of their biggest costs, which is power. It is often 20 per cent to 30 per cent of operating costs and is usually the highest cost after wages of operating a mine. In many cases that cost has increased 100, 200, even up to 350 per cent, for people trying to get long-term gas contracts in those areas.

If a mine is paying \$100 million a year for power, try taking that up to \$200 million, \$250 million and even \$300 million and see how the viability goes. That is why we are getting signals from some of these mine companies. Glencore raised the issue with the Prime Minister and then sent out a letter warning the public about winding up their operations. Many other mines are crying out about the same issues. They have been ignored for far too long. In the House, we talked about a north-west task force. At the start I was very pleased to have some association with that. We were supposed to see some action on that in the House in September last year, but it did not happen. I have raised that in the House a couple of times since. We see an announcement in this budget, but some of these outcomes needed to be on the ground and running last year to have any effect.

A lot of people might think that it is all out in Mount Isa and 'what the hell do we care about that; it is not that big a part of the Queensland economy.' Perhaps it is not that big a part of the Queensland economy. I feel it is. It is worth about \$4 billion in activity and about \$300 million a year in royalties. Mount Isa Mines was voted the most significant business in Queensland's history. A lot of hospitals, bridges and roads around Queensland were built from the wealth contributed from that area, but nonetheless I believe it still continues to be an economic powerhouse in the state of Queensland and one cannot neglect these issues.

Having task forces or conducting feasibility studies means nothing unless there are outcomes and something comes into this House that results in action. When that happens and when the mines are responding and industry is responding that is when we know we are doing our job properly. Until that point it is all rhetoric and hot air. Until governments grab these industries by the ankles, refuse to let them go anywhere and force them to invest back in these areas, then we are wasting our time with studies and consultants. There must be action.

I need to be grateful for some of the things announced in the budget. The airline price subsidies will help those in the gulf communities of Doomadgee and Mornington Island. The member for Cook, who is sitting beside me in the chamber, has been a great champion of those subsidies. Perhaps in some way I have been a beneficiary of some of the efforts of the member for Cook. That is an important issue for me. I am grateful for that amount that will help people in those areas. Airline prices in the

north-west—that is, prices to fly out of Mount Isa—continue to be the most burning issue for people out there. Prices for the commercial route remain unaddressed. There are operators out there price gouging on that route.

There is a \$1 million allocation in the budget for the Lake Julius solar project. That is an initiative that I would like to think I very much played a part in from its inception. It has been pursued well by the council and other proponents in the Mount Isa area. We have great water supplies in the north-west. We have Lake Moondarra and Lake Julius. The problem is the cost of pumping. Having a solar pump will be an advantage to that water supply. I am grateful for that.

Sadly there is very little by way of roads funding in this budget for my electorate. There is still some carryover roads funding from previous years, but there is nothing new. That makes it very difficult to support this budget.

We were happy to receive continued funding for the North West Minerals Province Taskforce. My understanding is that there is some recognition for exploration and drilling. If that is true and that is a tangible part of that funding—and I am yet to be convinced of that—that would be a good thing for the area. I would be grateful for that funding.

I am grateful for the \$5 million in funding for the hospital at Julia Creek. That is an area in the midwest that has been doing it very tough. They would have not seen any new buildings on that site for the last 50 or 100 years. People will be grateful for that. I pass on my thanks for that funding.

There is an economic crisis in North Queensland and outback Queensland. It would take herculean efforts from any government to try to turn that around. That is not evidenced in this budget. It would not take one budget to turn that around; it would take a couple to turn that around. We find this budget lacking in terms of addressing what is desperately required in that area.

I was asked the question the other day: do you think this budget delivers for North Queensland and for the outback? We cannot have both. The government cannot take \$2 billion out of the budget for a project and expect there to be enough in that budget to deliver what is needed in other areas. Cross River Rail is fine. I am happy for the people of Brisbane to get what they want to address traffic issues. I wish the same was applied for people in my area. I fail to see how spending \$2 billion to address traffic issues in the city is a priority for Queensland when there are industries falling over in the regions left, right and centre—industries that desperately need some help.

It is very difficult to understand. It has been a KAP policy for a number of years now that, in this instance, the \$2 billion allocated to Cross River Rail would be much better spent on a rail line through the Galilee Basin so that Adani does not own the rail line but the people of Queensland own the rail line. We would then be the owners of that revenue stream for the extent of its life. That funding would be much better used on an asset that would generate an economic return. That is something we certainly feel very strongly about. Any other mine that opens up in the Galilee Basin will be paying the price for that incorrect decision for many years to come. I might add that the Galilee rail line is about 300 kilometres of rail line not 10.2 kilometres of rail line as is the case with Cross River Rail.

Earlier I alluded to the energy crisis that is affecting the north-west region. Obviously energy is a burning issue across Queensland. Industries in north-west Queensland are a lot more exposed to energy issues because the government failed to build the transmission line when it had federal funding to do so. There was federal funding of about \$340 million to construct the CopperString project. Xstrata, as it was then known, or Mount Isa Mines, had money to put towards that. The remaining third was to come from the state budget, but that was never put up. We were never connected to the national electricity grid. We are completely exposed to the price of gas out in Mount Isa. We desperately need to create a special energy zone around the north-west to recognise that fact. As I have said before, if people want businesses in that region to be there in the future then we have to make a decision about energy. We cannot take for granted that the \$4 billion of economic activity generated in that region will be there.

We believe the balance of the \$1 billion State Infrastructure Fund should be quarantined for those areas that are doing it most tough. Undeniably, the unemployment figures speak for themselves. Areas in outback Queensland and North Queensland are the ones that are in desperate need of some attention. It does not make sense—and quite frankly I am sick of hearing it from people—that we have to spend money in Brisbane to make the rest of Queensland sing.

It does not make sense when we know that the money votes gravitate to this area. We have to make a conscious effort to get things happening out in remote areas where some of this industry exists. It is a tough thing for any government to do. If those efforts are not made then industry is not going to be there. Having access to those infrastructure funds is something we feel strongly about.

The remaining funds should be quarantined to address unemployment in North Queensland, particularly youth unemployment where we are seeing figures as high as 40 per cent. They need to see that there is a future for them there. That certainly does not exist now. That should be of the upmost interest to this parliament wherever we are from. We should be lending a hand to the areas where we have the biggest problems. That is why we will always say that there needs to be a fair go for all of Queensland. In the current context, that applies strongly to North Queensland.

To that end, we believe that the balance of the state infrastructure funds should be focused on large projects in North Queensland until such time as unemployment is addressed. Further to that, we believe that a North Queensland budget equity board should be established which would operate from year to year so that politicians are not coming down here and using whatever leverage they can every budget cycle. This would ensure that funding is allocated on a fair basis, with rotating council chairs who get to gloss over the budget and appreciate the fact that we have been underdone in the past but we can balance it out in the future in a fair way that is equitable for the whole state.