



Speech By  
**Robbie Katter**


**MEMBER FOR MOUNT ISA**

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## **MATTERS OF PUBLIC INTEREST**

### **North-West Minerals Province**

 **Mr KATTER** (Mount Isa—KAP) (3.37 pm): In late July I held a forum here at Parliament House for the major rail and energy users from the north-west minerals province. The outcome was to establish the north-west minerals province infrastructure user group. The group identified a key problem that is putting current and future economic activity at risk in this state, and that problem is the pricing policies of our government owned corporations, the GOCs.

The way the GOCs charge customers for critical infrastructure services such as rail, energy and water means that there is no incentive for users to increase the use of these services. The prices keep ratcheting up, and there is no incentive to put bulk deals together to transport more goods on rail rather than on the road which would be the preference of the taxpayer. There is an estimated 500,000 tonnes or more currently transported by road that used to be on rail, but it has been squeezed off rail due primarily to GOC pricing policies. This is at least \$10 million in annual revenue that the government and taxpayers are missing out on when the goods are transported by road and not rail.

The pricing principles allow GOCs to recover the cost of their assets as if they were brand new, rather than recognising the returns that have been received on those assets in the past. This means that the prices that GOCs charge are always going up regardless of the impact those price increases have on demand. They are completely uncommercial in some cases where the market might be depressed and people are moving away from rail. The fewer people using the line, the higher the prices, yet still the prices go up. There is only one way that can end.

There is an opportunity for the government to use its GOCs to stimulate economic development. A decision has to be made: why do you want to own these assets? The government did the right thing in not selling those businesses. However, they must be used to their full potential.

The government must make it very clear to its GOCs that they have a responsibility to deliver services in a way which not only ensures their commercial viability but also incentivises private enterprise. This is particularly important in the north-west minerals province where there is an extremely high reliance on GOCs and the services are such a significant part of the mining and processing cost structure. If the government is not willing to use its GOCs in a flexible way to drive private economic activity and would prefer to ensure that the GOCs maximise their own bottom line, it would have been better off selling them. Do not bother owning them if they are not going to be used for the purpose for which they were built, which is to enable industry, stimulate growth and stimulate economic activity.

We cannot strangle the golden goose that has provided and that has been used as an enabler. It cuts right to the heart of this. We had perfect alignment with all the major users who said they were all in agreement that this is becoming prohibitive. The evidence is there. While I think this policy was implemented with the best intentions on the day, at some point we need to look at whether it has worked or failed. When you have over half a million tonnes of ore and bulk produce going on the road while

there is a perfectly good rail line sitting there under capacity, that is evidence which perfectly demonstrates that these policies are not working. It is time to go back to the drawing board to see what does work and how we can make more money for the taxpayer from owning these assets.

At the moment it is causing all sorts of perverse outcomes. In Mount Isa we have a dam that was given to the state government by the mines which built it and we have a body which is saying, 'Let's recover the cost of capital on that dam that we never built, would never own and would never pay for. Let's cover the pretend cost of capital and make the Mount Isa ratepayers and Mount Isa Mines pay for that pretend cost of capital.' It is provisioning all these perverse outcomes that do not make sense and, sadly, are not commercial in anyone's terms.

It has got to the point now where it is producing safety risks on the road. It is tearing up the roads. We are now seeing slow down signs on the road where the only slow down signs were for the rail line. The way this has been managed is a total failure. It is time to listen to the north-west infrastructure group which I think can offer some constructive input. If the government does not take notice of the advice from that group and take the opportunity to do something to make these assets work for the people of Queensland, then we should not bother owning them. There is no point to it. I hope that is never the case, but something needs to be done desperately. If we are to continue to own these assets, we need to make them work for the people of Queensland.