Speech By

Linus Power

MEMBER FOR LOGAN

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QUEENSLAND COMPETITION AUTHORITY AMENDMENT BILL

Mr POWER (Logan—ALP) (4.42 pm): Mr Deputy Speaker, I intend, under your direction, to stay strictly within the long title of the bill. I know that the fine deputy chair and other members of the committee will do the same because they have respect for the chair, unlike some others who strayed into material that has nothing to do with the bill before the House and was in contravention of the rules of the House.

Imagine a few scenarios involving a coalfield, rail transport and a port. In one scenario each coalmine might have to build their own rail line and their own port, duplicating lines, adding costs, creating environmental damage and preventing the development of some mines due to high costs. Another scenario is a single, unregulated line monopolises all of the rail traffic, extracting monopoly profits, limiting development and resulting in unfair competition. The third scenario is where there is some regulation that provides for fairer access to the rail line and port for all of the mines that are using it, better environmental and social outcomes and a return for the owners of the underlying rail and port access. That is what this bill attempts to do. It addresses the legal interpretations outlined by the Treasurer.

I am the chair of the Economic and Governance Committee which was charged on 15 February to report to the Legislative Assembly on these issues by 15 March. During its examination of the bill, the committee invited written submissions from the public and identified all of the stakeholders and subscribers. As a result of that process four submissions were received. They were received from the Queensland Law Society, Aurizon Network Pty Ltd, the Queensland Resources Council and the Dalrymple Bay Coal Terminal User Group.

We invited those submitters to appear at the public hearing which was held on 5 March 2018. We had representatives from Queensland Treasury give a public briefing. At the public hearing the Queensland Resources Council was ably represented by Ian Macfarlane, the chief executive, and representatives from the Dalrymple Bay Coal Terminal User Group and Aurizon Network also appeared. We received written advice from Queensland Treasury on the issues raised. All that material is available on the committee's website. The submissions, correspondence and transcripts are also available.

As the Treasurer outlined, the committee recommended that the Queensland Competition Authority Amendment Bill 2018 be passed. We did so without any statement of reservation or any further recommendations. We noted that there needs to be a balance between attracting investment and managing an asset fairly but innovatively to get a fair return to allow access at economically sustainable rates for all users.

I wish to thank the members of the committee: the member for Mermaid Beach, from whom we will be hearing soon and whose commitment to the long title of the bill will be admirable; the member for Pine Rivers; the member for Bonney; the member for Ninderry; and the member for Redlands. I thank them for their participation in the committee process.

This is a highly technical bill, so much of what I will reference is from the committee's report. I wish to speak in the spirit of the report that we presented to the parliament. Our third-party access regime, administered by the QCA, allows third parties to access services provided by significantly important infrastructure facilities that are owned and controlled by others. We allow an access process only for infrastructure facilities that are significantly important to the state of Queensland.

The purpose of the regime is to ensure that competitive forces, that we recognise as having an important place in our marketplace, are not unduly stifled in industries where there could be a natural monopoly. The report states—

In cases of natural monopoly, one facility meets all of a market's demand more efficiently than a number of smaller and more specialised facilities. Accordingly, it is not socially desirable that the infrastructure comprising a natural monopoly be duplicated. At the same time, the absence of competition enables a natural monopoly infrastructure owner to extract excessive profits through exercising market power.

This regime aims to address the persistent lack of infrastructure competition resulting from a natural monopoly by enabling a process whereby third parties can use that significant infrastructure, on commercial terms, to regulate that access. This regime is also comparable with the national access regime.

This brings me to the technical details of the bill in that we have to set up a series of access criteria. Under the current requirements of the QCA Act, the QCA may only recommend the declaration of a service and the minister may only declare a service if the five access criteria outlined in the report that we have given are met. Under criteria (e), the public interest test, the QCA must have regard to the regime's objective to promote effective competition by promoting the economically efficient operation, use and investment in significant infrastructure; legislation and government policies relating to ecologically sustainable development, occupational health and safety, and industrial relations; social welfare and equity considerations; economic and regional development issues; the interests of consumers; the efficient allocation of resources; and the need to promote competition. The test under criteria (b), which is that it would be uneconomical to duplicate the infrastructure for the service, was looked at very carefully through the process.

In my remaining time I wish to reference some of the stakeholders who presented before our committee. There was general support from submitters and witnesses for the changes to the access declaration criteria. For example, Aurizon Network submitted that it 'supports the sets of amendments proposed in the bill in relation to changes for the declaration criteria', and that was a common theme. However, Aurizon did have queries about or exceptions to particular details. Further to that, Andrew Barger, Policy Director for Economics and Infrastructure from the Queensland Resources Council, stated—

The QRC's position is that we support the QCA amendments. We understand the imperative to have the competition criteria aligned with the national criteria.

That is the root cause which the member for Everton failed to acknowledge and that the Treasurer made very clear. Andrew Barger went on to say—

We fully support the role of the regulator and completely understand the need to update the competition criteria and align those criteria with the national criteria, but changing those criteria and dropping them into a review process creates quite a protracted period of uncertainty ...

The Dalrymple Bay Coal Terminal User Group had similar concerns about the fact that it was changing rather than any specific concerns about the change. They said they are 'new and largely untested'. We spoke to Treasury about this. Treasury responded to say that requiring a regulatory impact assessment, which would delay the implementation, 'would involve a similar amount of time, expense and assessment as will be required to conduct the QCA's review of the declaration'. Treasury went on to say—

A legislative extension of the declaration may not provide the regulatory certainty the proponents seek given there is a declaration revocation process set out under the QCA Act which allows access providers to seek revocation of a declaration at any time.

There are technical elements to this bill that we dutifully heard about through the committee process of the bill. I commend the bill to the House as it was endorsed by the committee.