

Question on Notice

No. 351

Asked on 8 May 2014

MRS CUNNINGHAM ASKED THE TREASURER AND MINISTER FOR TRADE (MR NICHOLLS)—

QUESTION:

With reference to the Port of Gladstone—

What conditions or safeguards will the government put in place to ensure that the Gladstone Harbour continues to provide economic benefit to both the State of Queensland and the community of Gladstone if the government continues on its plan of sale or lease of the port, beyond the one off assistance the proposed sale will provide to the budget bottom line?

ANSWER:

Our debt – the State’s mortgage – is on its way to \$80 billion, the highest in Australia. Annually, we are paying \$4 billion in interest payments. This level of debt and interest payments come at a real cost for all of Queensland, because they hold the State back from investing in new infrastructure that will drive economic growth. For example, \$4 billion could pay for 25 new state schools, almost 900km of highway and the redevelopment and expansion of a 300 bed regional hospital.

To pay down debt we have three choices, we can massively increase fees, taxes and charges, we can reduce services, or we can sell or lease some Government businesses.

After receiving a record number of People’s Budget submissions from the Strong Choices campaign, the Queensland Government has released the *Strongest and Smartest Choice – Queensland’s Plan for Secure Finances and a Strong Economy*.

Our plan includes a proposal for the long term lease of Gladstone Port and the use of some of those proceeds for infrastructure investment around the State. The community of Gladstone is likely to benefit from the allocation of money to that region from the Strong Choices Investment Program.

This proposal will not be implemented until the Government has taken this methodical and disciplined plan to the next State election.

A long term lease would enable:

- the Government to retain ownership of the port land;
- the private sector to operate the port, which would revert to the Government on expiry of the lease;
- the private sector to be responsible for upgrades and maintenance, reducing the dependence on State debt to finance these activities; and

- a substantial upfront lease premium to be used by the State for debt reduction and new infrastructure investment.

The Port of Gladstone is a key transport portal between Queensland and its trading partners. The lease of Gladstone Port will potentially strengthen the economic outcomes between Queensland and its trading partners. A private sector lessee will have strong incentives to expand and operate the port efficiently. An efficient port that expands in a timely manner is the best strategy for realising the contribution of the Port to regional and State economic development.

Private leasing of assets can enable access to private sector capital for expansion, which may not have been possible for a Government facing fiscal constraints. The lease terms can place obligations on the lessee to ensure the assets keep pace with market conditions, harness growth potential and continue to be used for the purpose intended. Growth and expansion would mean more jobs during construction and subsequent operations and increases in demand for services to support the port.

In relation to the Gladstone Harbour, a lease arrangement would maintain existing access to the harbour for the enjoyment of the Gladstone community. Maritime Safety Queensland will continue to be responsible for maritime safety for shipping and small craft.