

Full text of Anna Bligh's speech on asset sales

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PREMIER Anna Bligh has outlined plans to sell off key Queensland assets in a speech to state Parliament. This is a transcript of that speech.

Mr Speaker,

This parliament has debated and often authored much of the amazing story of the development of the state of Queensland.

In the week of our 150th anniversary, history calls us again to chart the next phase of the journey.



(<http://www.news.com.au/couriermail/indepth/section/0,,5019068,00.html>)

The governments of Queensland have forged the path to today...

...Through courageous, far-sighted acts.

...Through decisions that required the sort of leadership often only appreciated in hindsight.

Our state is unrecognisable as the colony granted letters patent by Queen Victoria in 1859.

Our story is one of progress, growth, prosperity and development.

The need to respond to the challenges of the day in a way which moves the state forward is rarely without controversy.

Today, I will outline a Plan to Renew Queensland's finances and grow our future investment which will reshape the Queensland economy and propel us to the next phase of our development.

Like all bold measures this Plan will invite intense debate, even opposition.

But it is consistent with both the immediate imperatives of our state's budget stability and the need to secure our long term future and prosperity.

The global recession has confronted us.

It has confronted us as individuals, as citizens, as employers and as employees.

The crushing tragedy of unemployment is known today to more than 114 000 Queenslanders.

As each month goes by, the reality of global recession visits more households across the state.

The global recession has also confronted us as a state and as a government, as the stewards of our economy and of our public finances.

... Confronted with the total loss of \$14 billion in expected revenue over 4 years – a third of our annual budget – robbed from Queensland by the global recession.

... Confronted with a further \$2 billion decline in our GST receipts since the federal budget was brought down – enough to fund our entire police service for a year.

...Confronted with the need in these tough financial times to continue the infrastructure task to build for a growing population.

Confronted with these challenges we held our nerve and along with most governments in the world we chose to stimulate our economy in the short term.

We made what was in many ways a simple choice...

...to above all else keep our record building program going to protect the 119,000 jobs it supports and continue building for Queensland's future.

And we have always said that it required tough decisions in the future. Tough decisions to restore the state's finances to enable, not disable, our future growth.

To come through the global recession stronger, not weaker.

The measures I announce today are also consistent with this approach.

And they are consistent with the platform I and my team took to the most recent election.

Prior to and during that election campaign – indeed at all times – I have been frank with Queenslanders about the financial challenges that confront us.

It's why the Government announced updated budget and financial forecast just days before the election campaign.

It's why we laid bare the fact that our state budget would be in deficit because of the global recession.

It's why I was clear during the campaign about what the priorities of a re-elected Labor Government would be - jobs and the building program.

And it's why I was up-front about the need for tough decisions in order to secure those priorities.

At the election Labor sought and gained a clear mandate.

It was a mandate to support jobs now in the short term to soften the blow of the global recession, while dealing with the long term reforms that will restore the budget to surplus over time and regain our triple-A credit rating.

The modern Queensland economy looks outward, not inwards. As a flexible, trading economy we are part of the global economy. Its fate is our fate.

As the world faces the single largest economic crisis since the Great Depression, we need to recognise that seismic shifts like those occurring in the world today require a realignment of priorities to new challenges.

The changing role of government

As our 150 years has shown us, our goals have changed as the world has changed.

It was necessary at one point in our history for the state to develop and own airports in great regional cities like Mackay and Cairns.

Private investment in such ventures would not have occurred and these regional centres would not have reached their potential as economies and as communities.

But recently the Government took the decision to sell these airports and use the proceeds to pursue a new priority for these fast growing communities – the need to build and rebuild their hospitals.

The sales process is now complete and the private sector will invest and take these airports to their next level creating secure employment and economic prosperity in Cairns and Mackay.

This is a clear case, as I said at the time, of Government recognising that times change, priorities change and the role Government plays must also change.

At times in our history the government of Queensland has sold beer, sawn and milled timber, retailed fish and even had 90 state owned butcher shops.

In Brisbane, our electricity network wasn't state owned until 1977. And we didn't own power stations until then either.

We've always owned a railway, but never owned a communications company. While we've retailed fish and meat, we've never been greengrocers.

Around Australia government ownership of different businesses is widely different, and constantly changing – as it should.

The demands and expectations on governments have also changed.

Governments haven't always provided social housing. Shamefully, support for the disabled has only been a relatively recent phenomena.

State high schools became commonplace only decades ago and our prep year of schooling is only three years old.

As we look to the future expectations, and our future ambitions, we must ask ourselves the most basic of questions: what is the role of government in the next 150 years?

This century, a new century, presents us with challenges unforeseen just decades ago.

The challenge of climate change and the need to reduce our carbon footprint and develop renewable energy technologies.

The challenge of educating our citizens in a fast changing world where knowledge is growing exponentially.

The challenge of nurturing new technologies and new industries to secure our economic future.

The challenge of providing sustainable urban environments with efficient public transport and enviable lifestyles.

The challenge of providing hospital services in an era of staggering advances in health technology and an ageing population.

These are the challenges that confront us as we enter the 21st century.

And they are vastly different to the challenges of the last century.

In the last century a key challenge for Queensland's growth and development was to provide the infrastructure needed to unlock our vast natural resources.

For example, nurturing and creating an export capacity required us to build and operate railways and ports at a time when private investment would not do so.

As a result – unlike any other state - our budget and our balance sheet carries the ongoing burden of commercial infrastructure as well as the public infrastructure more usually associated with public ownership.

Renewing Queensland measures

Mr Speaker, the time has come to reassess and realign our public asset base with the needs of Queensland this century.

Government has resolved to undertake a package of strategic asset sales designed to secure the future of a number of commercial assets without the ongoing need for public investment.

This frees the Government's balance sheet to better support the development of public infrastructure like schools, hospitals, public transport and roads.

Our Renewing Queensland Plan will restructure our asset portfolio with the sale of

Queensland Motorways Limited
The Port of Brisbane
Forest Plantations Queensland
Queensland Rail's above and below rail coal business; and
the Abbott Point Coal Terminal
Options for the sale of QR's bulk freight, intermodal, retail and regional freight services will also be investigated and offered to the market in the most appropriate way.

Further we will commence negotiations with the Commonwealth for the sale or lease of QR's regional below track network to the Commonwealth Government owned Australian Rail Track Corporation.

However, we will retain full ownership of Queensland Rail's passenger network.

Mr Speaker, the asset sales announced will be progressed over the next three to five years.

This timeframe recognises not only the complexity of the process and the need to prepare detailed plans on the sale structure, but also the need to time transactions with capacity in the market.

This staged program of asset sales will deliver proceeds of an estimated \$15 billion and just as importantly avoid a further \$12 billion in required capital investment over the next 5 years. This represents a benefit to taxpayers of almost \$30 billion.

The Government will forgo annual estimated returns of approximately \$280 million as a result of the sale program which represents a return on investment of less than 2%.

However the \$12 Billion in avoided capital will save Queensland around \$750 million every year in interest.

In total these measures have the potential to reduce state debt by \$15 Billion by 2013 - 14.

Mr Speaker I acknowledge that many in the community, including many in the union movement, will instinctively oppose the sale of these assets.

To those with concerns I would say look at the success of Qantas since it was privatised in 1995.

As with Qantas, each of the assets being announced today require substantial capital for growth.

The privatisation of Qantas provided the organisation with the ability to secure the investment it needed to compete and grow without being a further drain on taxpayers.

Qantas flourished after privatisation to become one of the worlds largest, most profitable and most successful airlines.

Full time employment with Qantas has risen by 16 percent from about 29,000 to 33,700.

Renewing Queensland measures: employee relations

Mr Speaker, to the employees of the enterprises included in today's decision I commit to a fair process which will involve them and their representatives.

As has been the case in past asset sales, all employees in affected government owned corporations will have the terms and conditions of their current Enterprise Bargaining Agreement honoured for the life of that agreement.

As well employment guarantees will be in place for two years beyond the date of the sale.

Employees transferring to the new businesses will experience no interruption to their continuity of service, or accrued entitlements.

The Government will establish an industrial relations working party to discuss the detail of transition arrangements with unions and the corporations.

In terms of employment, the objective of the Government is to protect jobs and create viable private enterprises with the prospect of long term employment growth – as was the case with Qantas.

Mr Speaker I will now address the issues in relation to each asset in more detail.

Gateway Motorway

When the National Party went into debt to build the original Gateway Bridge, new ground was broken in the delivery of infrastructure in this state.

The debt was incurred, rightly, to deliver the Gateway Bridge for the benefit of the Queenslanders in 1986 - and for the generations to come.

Those generations, the people who would utilise this important infrastructure, would be called upon to contribute to its cost. It was a far-sighted decision.

Today, two-thirds of the second Gateway Bridge stretches across the river. Debt financed, again, on the sound economic basis that the bridge will benefit not only the current population but Queenslanders of future generations.

The Government will this year spend \$6.5 billion on it's state-wide road and transport infrastructure program and in so doing support some 39,000 Queensland jobs.

Our road network today has an estimated replacement value of \$72.2 billion. It's big enough to travel around the entire coastline of Australia 1.5 times, or the equivalent of Brisbane to Melbourne 20 times.

Our first tolled motorway was important – it broke the mould.

As was always intended, the loan undertaken in 1980s for the first Gateway Bridge is to be paid off by the tolls collected daily, over the life of the bridge.

Just as it is intended that the tolls to be applied on the second Gateway Bridge will service the finance raised for its \$1.8B construction cost.

The Gateway serves as part of our national highway and it services the Port of Brisbane, an export gateway to the world.

To enhance productive capacity ... to lift our export effort ... there is a need to bring on construction of the planned Port of Brisbane Motorway.

As part of our Renewing Queensland Plan the Government will invite offers to purchase the tolling franchise of the Gateway and the other roadways of Queensland Motorways Limited.

The bridges and roads themselves will remain in the ownership of the state.

The government will look to put this opportunity to the market in 2011.

It is the Government's intention to legislate a toll level at the point of sale and then to allow that toll to rise only with inflation post the sale.

This is consistent with the approach taken in the North South Bypass Tunnel project and Airport Link and protects road users from unreasonable toll increases.

Mr Speaker while the investment market for greenfield tollways has been massively impacted by recent market experiences and the broader global financial crisis, there is an appetite for the established, long run opportunities that Queensland Motorways Ltd represents.

The future growth of the south-east, of our economy, of our export capacity, of Brisbane Port and of Brisbane Airport make this an attractive investment opportunity.

Renewing Queensland measures: Port of Brisbane Corporation

Further, under the Renewing Queensland Plan, the Government will invite private sector investment in the Port of Brisbane.

As well, a mandate to upgrade the Port of Brisbane Motorway will be offered to private investors.

The Port of Brisbane has expanded as our economy has expanded. Its growth and its evolution has seen it secure private sector investment in its property holdings along Hamilton.

A move to allow private sector investment in Queensland Motorways Limited's toll assets and the Port of Brisbane is an important part of our path to recovery.

But it is equally a strategic decision to free the budget long term from the debt needed to build the Port of Brisbane Motorway and grow the port. Private ownership of these assets secures their long term expansion.

The Port of Brisbane Corporation also owns the Bundaberg Port.

I want to make it clear that today's announcement does not affect the ongoing public ownership of Bundaberg Port which will now be transferred to the Port of Gladstone Corporation.

Renewing Queensland measures: Forest Plantations Queensland

In 2006 the Government corporatised the state's forestry business – creating Forestry Plantations Queensland.

This was done to put it on a more commercial footing and to underpin the long-term competitiveness of the plantation timber industry.

More than 3 years on and FPQ is on very solid ground.

Last financial year it achieved \$93.8 million in timber sales and planted 5.8 million trees.

There was a time, last century, when it made a lot of sense for the government of the day to be heavily involved in the timber industry.

In fact it was a crucial first step.

To get a plantation and timber processing industry off the ground required government action because the government owned the land.

Fast forward to 2009 and we face a totally different situation.

We have 200,000 hectares of timber plantations and we have world class timber processors who are internationally competitive.

Selling FPQ should attract even more investment and enable this industry to grow and further develop.

As a government we've had to ask ourselves 'Do we really any longer need to be in the business of managing forestry plantations?'

Or would revenue from the sale be better spent maintaining the building program, reducing debt and taking a step towards restoring our AAA credit rating?

The sale of FPQ would generate at least half a billion dollars to help keep the state's massive building program going.

I want to reassure Queenslanders that we will retain ownership of the land and protect access rights for the public.

A condition of sale will be that recreation in State Plantation Forests will continue.

This includes walking, cycling, horse riding, motorcycling, car rallies, photography and filming.

Importantly, we are not stepping away from the western hardwoods plan to have 20,000 hectares of hardwood plantations by 2015.

We will take specialist advice as to whether the sale will include hardwood plantations. If it does a condition of sale will be that the western hardwoods plan must be honoured.

Renewing Queensland measures: Queensland Rail

At the turn of the 20th century as our country was forged into one "indissoluble commonwealth" our constitution contemplated the need to provide for the national interest in running of railways.

In this new Century the focus of discussion has shifted from narrow gauge and standard gauge to bandwidth and broadband.

Again it's a matter of aligning priorities with the imperatives of the day.

The evidence exists around the nation, and around the world that rail systems and export chains have only developed and grown to their optimal capacity with investment from industry.

Much of our rail network that must grow into the future, will service the development of our resource industry.

In this case the question for government becomes not only who is best placed to deliver those expansions, but what is the cost of government undertaking this work?

More succinctly, if we fund this economic infrastructure, what schools, hospitals and roads can we not build and what services should we cut?

The plain fact is that \$10 billion invested in this export chain is \$10 billion that can't be invested somewhere else.

At the turn of the century the Queensland Government decided to invest in the railways because, for the times, that was the right thing to do.

Today is no different. It must always be the job of government to make decisions that are in the best interests of the community.

That is why my Government will offer Queensland Rail's coal network for sale and examine the potential for the sale of its bulk and regional freight, retail and intermodal assets and businesses.

And that is why we will retain in Government ownership and control all passenger rail assets in our State.

Passenger rail plays an increasingly important role in servicing our community.

Increased use of public transport is essential if we are to achieve our carbon emissions targets.

These services also hold the key to reducing traffic congestion and provide the basis for sustainable new urban communities.

We will not only retain control of Queensland Rail's passenger services but divesting commercial rail businesses allows greater investment in public transport.

Mr Speaker, the sale of non passenger QR assets will contribute more than \$7 billion to state coffers and save the Queensland taxpayer around \$7 billion in avoided capital expenditure.

A significant portion of that capital requirement would have been used by QR to build rail infrastructure in Western Australia as part of the company's legitimate attempts to diversify its business.

That is why the sale of these QR assets is the right thing to do.

Mr Speaker, the State will take expert advice on structuring the coal infrastructure sale in a way that can maximise the efficiency of our rail-to-port network.

Our revitalised and reorganised coal freight system will have the capacity to move more coal to the world providing a greater return in royalties to the people of Queensland.

For example an integrated sale could offer the Goonyella through Newlands to Abbot Point system along with the sale of Abbot Point Coal Terminal.

The private sector will build the northern missing link infrastructure that is currently being proposed saving the taxpayer \$3.5 billion in future capital expenditure.

In the long term, a privatised Queensland Rail, like Qantas, will be a stronger more sustainable business that will continue to grow and create jobs in Queensland.

Renewing Queensland measures: Fuel Subsidy

Mr Speaker, today in this Renewing Queensland Plan, I have outlined a carefully considered program of asset sales.

This Plan will reduce Queensland's debt, encourage investment in export infrastructure, give us the tools we need to fight the global recession in the short term and begin the process of restoring our triple-A credit rating in the medium term.

These are long term structural changes to our asset base which will permanently improve the state's balance sheet and better align to modern priorities.

In terms of our recurrent budget we - along with most Governments around the world - have taken the decision to run deficits in the short term as a response to the global recession.

However, this situation is unsustainable in the long term and tough structural changes need to be made to restore the recurrent budget to surplus over time.

We must rethink our spending, invest what we do have wisely, and make sure it represents value for Queensland taxpayers.

Mr Speaker, we currently spend more than \$500 million a year in a fuel subsidy program.

But Queensland taxpayers and the motoring public are not getting value for money.

The recent independent Pincus inquiry identified that Queenslanders are not receiving the full benefit of what taxpayers are spending on the scheme.

We also know that NSW motorists are crossing the border to take advantage of this subsidy.

And the proposal by the NSW Government to abolish their tiered fuel-subsidy scheme from July 1 will only make it more attractive for NSW motorists to cross the border to fill up their tanks.

Queensland taxpayers should not have to subsidise interstate motorists.

That does not represent value for taxpayers' money.

So Mr Speaker, the Government has taken the decision to end our fuel subsidy program as of July 1 this year.

This will bring us into line with every other State in the country.

Mr Speaker I do not want to diminish in any way the burden this will place on motorists.

But it will also save taxpayers more than \$2.4 billion over four years and is part of our strong plan to regain our AAA credit rating and restore the Budget surplus...

...without jeopardising vital infrastructure like hospitals, schools and roads.

It is a sacrifice we are asking of Queenslanders to play their part in keeping the building program going and protecting the 119,000 jobs it supports.

The fact is that at the moment and for the next several years Queensland would need to borrow the funds necessary to keep the fuel subsidy program going.

And in times of difficult choices, that is a luxury Queenslanders can no longer afford.

Paying off our debt faster is like paying off a home faster – this measure alone means we will save almost \$300 million in interest payments over the next four years.

The money saved will go into the things that are most important in these times – running our hospitals, schools, police and other vital service.

Conclusion

Mr Speaker our Renewing Queensland Plan and the abolition of the fuel subsidy are measures undertaken with two goals in mind.

Firstly, keeping our building program going to support jobs now to soften the blow of the global recession...

... and secondly, dealing with the long term reforms that will restore the budget to surplus over time and realign our finances for the challenges of the future.

That is what responsible governments across the globe are doing.

Because the alternatives are too awful to contemplate.

Letting our building program go would destroy jobs and see us lag many years behind the infrastructure demands of a growing state.

That is something I am not prepared to let happen.

But it is not just the necessity of the times that drives these announcements.

Crises often provide the impetus for fundamental rethinks.

This global financial crisis has caused us to examine our asset base in light of current challenges and modern priorities.

As has occurred often in our 150 year history, the circumstances we find ourselves in give us cause to realign the role of government.

To ensure our priorities and our agenda in this century align with the challenges we face in this century.

Because the challenges of this century demand we subsidise public transport, not the freight transport requirements of coal companies.

That we invest in schools, not forest plantations.

That we build and run hospitals, not coal ports.

Mr Speaker, the announcements made today are made in the interests of Queensland...

...in the interests of it's working families...

... and in the interests of ensuring that when the good times return we emerge from this global recession stronger, not weaker.

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