



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

PROOF

BILLS

**Asset Recycling Fund Bill 2014, Asset Recycling
Fund (Consequential Amendments) Bill 2014**

SPEECH

Wednesday, 18 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

<p>Date Wednesday, 18 June 2014 Page 36 Questioner Speaker Irons, Steve, MP</p>	<p>Source House Proof Yes Responder Question No.</p>
--	---

Mr IRONS (Swan) (12:28): I rise to speak on the Asset Recycling Fund Bill 2014 and the Asset Recycling Fund (Consequential Amendments) Bill 2014. We have just heard from the member for Grayndler, the former minister for infrastructure, who has made some interesting comments in his introductory speech.

This government has made an unprecedented commitment to infrastructure and the legislation we are debating today forms a key part of that commitment. In just a few months since being elected, the government has shown its intent and strategic approach to infrastructure across the country. With its decisions on massive visionary projects such as the Western Sydney airport infrastructure package and the Perth Freight Link, which impacts my electorate of Swan, this is already in stark contrast to the previous minister's approach of untargeted and unfunded spending with no strategic plan or direction.

In fact, I would suggest that nowhere in Australia is this government's commitment to infrastructure more apparent than in my electorate of Swan currently. But this bill takes the government's approach to a new level. It provides for future infrastructure through a recycling program involving federal financial incentives for the sale of mature assets by the state governments where the proceeds are directed into new infrastructure. This will potentially see a generation of new infrastructure projects across the country. It has the backing of the states—including, it seems, Labor controlled South Australia—as the premiers can see the advantages of the bill. Yesterday we saw proposals by the New South Wales government and, in May, Treasurer Nahan of Western Australia referred to a likely asset sale process in the state budget. So there is plenty of support from all sides, except, it seems, the other side.

It seems from the former minister's speech that the Labor Party in this place is not fully behind this legislation and the previous speaker, the member for Grayndler, has indicated they will be moving some amendments. We will not be supporting those amendments, which attempt to put a roadblock on this legislation. We know Labor's commitment to infrastructure is untargeted and chaotic. We know that the member for Perth, who is in the chamber at the moment, is the chief opponent of the Perth Freight Link project which will link the Kewdale-Welshpool industrial area with the ports. We know

that the member for Grayndler made Gateway WA conditional on mining tax revenue which did not exist. We know that the record of the previous government on delivering broadband infrastructure in WA was the worst in the country. We also know that there was no interest or intention of funding the Manning on-ramp in my electorate of Swan.

Labor's position on this legislation would make new projects more difficult and it would hold back new infrastructure projects in Australia. The previous speaker, the member for Grayndler, also talked about cost-cutting analysis and processes and cost-benefit analysis. It just amazes me when you look at what they did with the NBN and the process they went through there on the back of a drinks coaster. He said there might be a panic sale of assets. But when Labor came in and they wanted to start some of what they called their infrastructure spending and kick things along, they looked at any project that they said was shovel ready. There was no cost-benefit analysis. They just went straight into that. The pink batts is another prime situation, with the royal commission currently looking at that. So how they can sit there and talk about the processes of how things should be done after their previous record of six years just amazes me.

The coalition have increased the infrastructure spending by 55 per cent over the period to 2018-19 compared to under Labor, whereas the previous speaker said we had not. Labor had no great record on public transport. The former minister did not realise that 50 per cent of public transport in Australia is by bus on roads. Seventy per cent of all domestic passenger movements within Australia—by car or bus—occur on roads, whereas he was slating the current Prime Minister as not being interested in any rail infrastructure. The shadow minister says asset recycling will discourage investment in public transport. But as today's minister pointed out just the other day, the Commonwealth is doing a lot of heavy lifting in road funding, allowing states to bring forward other public transport projects. In fact, since the coalition was elected, the states have committed \$25 billion to major public transport projects.

This bill establishes an Asset Recycling Fund of \$5.9 billion initially. The Asset Recycling Fund, as outlined in this year's budget, is being established to provide incentives to states and territories to invest in new

infrastructure projects that boost economic growth. The \$5.9 billion is sourced from uncommitted money in the Building Australia Fund and the Education Investment Fund. I note the government is committed to adding to the ARF over time, including through the proceeds of the sale of Medibank Private and with proceeds from any further privatisation initiatives. The ARF will support the Asset Recycling Initiative, which encourages the sale of brownfield assets such as ports or electricity companies with proven earnings to private sector investors, freeing up more funds for infrastructure projects. To encourage funds to be spent on infrastructure projects, the Commonwealth government will provide payments of 15 per cent of the sale price of privatised assets to state and territory governments, on the condition that the proceeds of the sales are reinvested in productivity-enhancing assets. The sale of ports in New South Wales and Queensland Motorways highlights the interest of the private sector to invest in brownfield assets.

The consequential amendments will apply to the COAG Reform Fund Act 2008, the Future Fund Act 2006, the Nation-building Funds Act 2008 and the DisabilityCare Australia Fund Act 2013. These amendments will allow for the fund to be managed by the Future Fund Board of Guardians, who have an exemplary record of managing investment portfolios for the government, and for the funds to be distributed through the COAG Reform Fund.

Delivering modern infrastructure is a key part of the government's Economic Action Strategy to boost economic growth, increase productivity and create thousands of new jobs. Overall, the 2013-14 budget unveiled the biggest ever spend for infrastructure in our nation's history: \$50 billion. Our plan will leverage greater co-contributions from the state governments as well as, for the first time in WA, co-contributions from the private sector. Encouraging investment from the private sector is the best way to ensure that taxpayers get the most infrastructure advancements that their money can provide. By changing the way that infrastructure projects are financed through partnering with state and territory governments and leveraging private sector investment, Australia is set to receive \$126 billion worth of investment in productivity-enhancing infrastructure over the next 10 years. This new infrastructure will help relieve congestion which is believed to be costing our economy \$15 billion a year. It will create jobs and tackle pollution. Investing in infrastructure is an investment in the future.

Initiatives such as the ARF are of particular importance in my state of Western Australia, where the transition of the mining boom from production phase to development stage creates unique challenges. A key aspect of the coalition's budget is to roll out an

infrastructure plan that adequately deals with this change and that creates jobs for the thousands of construction workers, as well as the many engineers, designers and professionals who play an important role in the delivery of major projects. It would be irresponsible not to aid the creation of jobs that ensure these highly skilled and experienced people remain in Australia, contributing to our economy.

With this in mind, the Western Australian Treasurer, Mike Nahan, spoke of his government's plans for an 'orderly program of assets sales' in the 8 May state budget. He outlined the state government's plans to consider the sale of a number of brownfield assets including the Kwinana bulk terminal and the Utah Point facility at Port Hedland. The Treasurer went on to note:

The Government's continuing ownership of the Perth Market Authority, the TAB and the Water Corporation's assets, such as its wastewater treatment plants, will also be reviewed.

Revenue derived from the sale of these assets will be directed to two areas: the reductions of the state's debt levels and to contribute to the cost of new infrastructure.

The Commonwealth and WA state government have a track record of working together to deliver much-needed infrastructure to the people of Western Australia. In the 2013-14 budget the government continued this tradition by making a record \$4.7 billion commitment to funding infrastructure in WA. As I said before, some of the best examples of this co-operation lay within my electorate of Swan. Projects such as the Perth Freight Link and Gateway WA, both funded by the state and Commonwealth governments, will allow growing cities like Perth to move into the future comfortable in the knowledge that they have the capacity to support a growing population and continued high exports on their roads.

Unlike those opposite we have committed to funding these projects without a mining tax. The Labor Party somehow thought they were funding these projects from a tax that did not raise any money. I know the member for Perth is in the chamber, and she has stated before that she does not support the mining tax and recognises that it disproportionately affects the people of WA. It is a pity that her colleagues do not agree with her.

The Perth Freight Link carries a price tag of \$1.6 billion, of which the Commonwealth will fund \$925 million, the state government will cover the remaining 20 per cent of government contributions and the private sector will fund the remaining amount—approximately

\$400 million. Despite economic research which shows that for every \$1 invested in the Perth Freight Link it will return \$5 in economic benefits, this project would never have been funded by a Labor government. Even now, after years of research showing that this project will increase productivity, create jobs and improve the road network, it is still not supported by those opposite. In fact I see the member for Perth in the chamber, and she recently called this proposal 'a scandalous squandering of taxpayers' funds.' I would like to remind the member that the debt and deficit levels in this country have reached a point where the government is now paying over \$1 billion dollars per month in interest. The interest bill paid by the government between 2010-11 and 2013-14 on gross debt is over \$46 billion dollars. The government could have funded almost the entirety of its infrastructure package with what is wasted on interest payments. That is, in my opinion, a real squandering of taxpayers' funds.

Despite ongoing protest from those opposite I am pleased to note that it's not only the WA state government who recognize the opportunity that ARF grants give them to invest in long-term productivity-enhancing projects. Just today the New South Wales Treasurer, Andrew Constance, announced in the New South Wales budget that a long-term lease of 49 per cent of the state's electricity network assets will assist with funding a comprehensive package of new infrastructure programs. This package includes \$400 million for the Parramatta light rail, \$5.2 billion for the North West Rail Link and an extra \$100 million for the Hunter Infrastructure Fund, to name a few. The budget includes significant investment in road, rail and public transport, further disproving the claims from those opposite that the coalition's plans will discourage investment in rail or public transport.

The Coalition promised to build the roads of the 21st century, and it is legislation such as this which will see us do just that for the benefit of our economy and our nation. As the assistant Minister pointed out on 6 June, our infrastructure plan is not a GFC-style pink batts program or a school halls program but a well-planned program about building productive infrastructure. Increased funding and the encouragement of investment in infrastructure will provide benefits in both the short and long term by creating jobs, easing congestions and ensuring prosperity for generations to come.

I know I have spoken in this place about Infrastructure in my electorate before. One in particular is the Manning Road on-ramp and Canning Bridge vision, about which I had a meeting with the minister for transport, Dean Nalder, last week. We discussed that and talked about opportunities that might arise from this particular infrastructure fund for things like a

Manning Road on-ramp, which I know the member for Perth was supportive of many years ago. I congratulate her for that interest she took in that particular area, because it now is becoming a safety issue for many people in that part of the electorate.

I see that the member for Perth is going to speak next. Maybe she might like to tell us some of the reasons she is so focused on delivering infrastructure nobody wants, particularly the South Perth train station. That was built into the forward estimates in her time. As someone who lives in South Perth and for many of the other residents there, it is something that is not required and something that is not wanted. Something like the Manning Road on-ramp is what most of the people in my electorate of Swan would look forward to. If the opportunity arises, it would be great if we saw that come to fruition in the near future.

We heard from the previous speaker as well how supportive they are of infrastructure funding. I remember quoting from an executive from Perth Airport who initially spoke to the minister for infrastructure in the previous government when he was looking for funding for, at first, the Gateway project. The response from the minister at that particular time was not supportive; it was saying, 'So you guys want another handout.' That type of attitude from those opposite is the reason why they need to support this bill and get on with the job.

I commend this bill to the House.