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PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

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

Second Reading

SPEECH

Thursday, 19 June 2014

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

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Questioner
Speaker McCormack, Michael, MP

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Mr McCORMACK (Riverina—Parliamentary Secretary to the Minister for Finance) (12:18): It is with pleasure that I rise today to sum up the debate on the Asset Recycling Fund Bill 2014 and consequential amendments. We do not agree with the amendments put forward; they are a try-on.

It is a pleasure to sum up because it gives me the opportunity to respond to the misinformation perpetuated by members opposite, as well as the crossbenchers. And it is a pleasure because it gives me the opportunity to talk about the landmark investment which the government is making in infrastructure—

Mr Katter: I rise on a point of order.

Mr McCORMACK: You just had 16 minutes. How much longer do you want?

Mr Katter: I claim to be misrepresented.

The DEPUTY SPEAKER (Mr Broadbent): There are forms of the parliament for that. There is no point of order.

Mr McCORMACK: Sit down, member for Kennedy; you have had your turn.

Mr Katter interjecting—

Mr McCORMACK: Sit down. I gave you an extra 16 minutes. He is just wasting my time. I gave him the opportunity to have an extra 16 minutes so he should sit down.

The DEPUTY SPEAKER: The member for Kennedy will resume his seat.

Mr McCORMACK: I would firstly like to address Labor's claims that there is no additional money for roads. We are investing in major new road projects and accelerating the delivery of existing ones right across the country. That includes our \$3 billion commitment to East West Link stage 1 and stage 2, both of which were opposed by Labor. When both sections are complete, the East West Link will make a meaningful difference to the transport challenges facing Melbourne and will improve connectivity across the Victorian capital.

In addition to the \$1.5 billion the Australian government has committed to the eastern section, the Commonwealth government has also committed \$1½ billion to accelerate delivery of the western section to enable the full benefits of the overall East West Link to be realised sooner. The western section of the East West Link was submitted to Infrastructure Australia in 2011 and was assessed as having real potential, meaning that the project addressed a nationally significant problem and is expected to improve freight efficiency and access to the Port of Melbourne.

The Australian government funding for the western section of the East West Link is contingent on the Victorian government submitting an updated business case to Infrastructure Australia for consideration in its 2014 infrastructure priority list and commencement of work by the end of 2015. The Victorian government has provided an interim business case on the western section to Infrastructure Australia. So claims of there being no analysis of the project are just disingenuous.

I am always pleased when those opposite decide to show an interest in rural and regional Australia. They certainly did not do much of that in the six years of government between 2007 and 2013. If they had visited rural and regional Australia recently they would know that there is a great deal of support for our \$564½ billion commitment to the Black Spot program and the reintroduction of the successful Roads to Recovery program, which involves a landmark commitment of \$2.4 billion.

I was pleased to be in Queanbeyan just last week to see the Acting Prime Minister and New South Wales Deputy Premier Andrew Stoner announce a joint funding commitment of \$50 million to build the Queanbeyan bypass.

The bypass will take the pressure off the existing road network, particularly in the central business district, and improve safety for residents.

Now we are told that there is no money for public transport, when right across the nation since the federal election state governments have recommitted to investing more than \$25 billion in major public transport projects. The member for Grayndler also referred to the government's plans to restore independence, transparency and credibility to Infrastructure Australia. He did not quite put it in those terms, but he was certainly referring to legislation which is currently before the Senate to improve the governance of Infrastructure Australia. This government wants Infrastructure Australia to be able to get on with the job of strategically assessing the nation's infrastructure. It is true that Infrastructure Australia produces a priorities list. But it is really just a list of projects it has assessed. It is outdated before it is even published. We want an Infrastructure Australia to be able to help shape priorities and inform decisions rather than simply play catch-up, and we are giving Infrastructure Australia real work to do, conducting an initial audit of infrastructure assets right across the nation and an audit every five years as well as developing a rolling 15-year plan. If the opposition is so keen on cost benefits analysis, why did it fail so miserably to do its sums on its own national broadband network—another example of the Labor mess which we have been left to clean up.

There were claims about state fire sales. It is disappointing to hear those opposite engage in fearmongering about the possibility of a fire sale of state government infrastructure assets. That is not what it is about. This fund is a response to the reality that state governments are not divesting themselves of assets which can be more efficiently managed by the private sector to free up resources for new infrastructure projects on behalf of people who live in those states. Even in the presence of the Asset Recycling Fund, there are clear incentives for state governments, New South Wales included, to be carefully considering divestment decisions, having regard to the appetite of the market for assets and the views of the community for asset sales, and that is important. The views of the community are very important.

I would like to take this opportunity to speak on an infrastructure idea very, very dear to my heart—high-speed rail. I think you will find that it nicely encapsulates much of what was lacking in Labor's approach to infrastructure. The member for Grayndler's own high-speed rail study showed that the priority for governments should be protecting the potential high-speed rail corridor and to do that requires engagement with the states and the Australian Capital Territory. The member for Grayndler's response was to absolutely splurge \$52 million on a high-speed rail authority. This government is about reducing red tape. The member for Kooyong is getting on with the great job of doing that and not creating it by adding unnecessary levels of governance and complexity for work that can be achieved without it.

This government supports the idea of high-speed rail—of course we do and we are very much behind it—but we recognise that in the near term the most effective action is to engage the states as well as the ACT on the suitability of their legislation and budgets to preserve a corridor for high-speed rail. The government, ably led in this area by the Deputy Prime Minister, will continue to work within its means to seek agreement and the ongoing support of the governments of Queensland, New South Wales, the ACT and Victoria before committing to implement high-speed rail. It should be noted that other than Labor's \$52 million red tape commitment to high-speed rail, it set aside no money to implement high-speed rail over the forward estimates. I repeat: there was no money for high-speed rail over the forward estimates.

In planning to meet Australia's future transport needs, it is important to consider all transport modes, aviation, road, conventional rail and high-speed rail, to determine the best approach for Australia's unique conditions and to optimise regional development benefits. High-speed rail between Melbourne and Brisbane is expected to cost \$114 billion. Labor delivered almost \$200 billion of deficits. This government is lumped with \$1 billion a month in interest on that debt. It is actually not the government, it is the people we serve, the people we represent—and Labor forgot those people—who have to pay that interest. The money we spend, which the people have to spend on interest, could go towards a whole range of important uses including building a high-speed rail network.

But we are getting on with the job of also building an inland freight rail. We are getting on with the task of constructing the long-awaited inland freight rail between Brisbane and Melbourne, appointing former Deputy Prime Minister John Anderson chair of the implementation group to make it happen. This will enable freight to be moved from one capital to the other in just over 27 hours.

I note that Labor is moving amendments to the bill to tie the Asset Recycling Fund up in endless red tape with lots of toing and froing, further proof that Labor's answer to everything is more government red tape not real government action. These amendments should not and will not be supported. The Asset Recycling Fund Bill 2014 and consequential amendments establish a new fund as a vehicle for providing financial assistance and incentives to states and territories to invest in important infrastructure. A new fund is necessary to support the government's Asset Recycling Initiative, a key initiative which will encourage states and territories to sell existing assets and reinvest in new infrastructure which contributes to a more prosperous economy.

We saw that the New South Wales government are getting on with the job. Their budget announced this week by the member for Bega, Andrew Constance, is getting on with the job of paying back Labor's debt and getting on with the job of recycling assets with the help of and in collaboration with the Commonwealth to help boost productivity opportunities for the people in New South Wales.

Payments from the Asset Recycling Fund will also be used to fund nation building infrastructure and other national partnership agreements. Payments to other bodies will be administered by the Department of Infrastructure and Regional Development and will support important local initiatives such as the Roads to Recovery program, and we know how important that is particularly in regional areas.

Establishing a new fund to support the government's infrastructure package is sound economic policy. It allows funds being committed now to be invested so that more is available when payments become due. Entrusting the Asset Recycling Fund to the Future Fund Board of Guardians will maximise the growth of assets. The board has a proven track record in managing assets on behalf of the taxpayer. It has grown the Future Fund from around \$64 billion in 2006 to more than \$97 billion by the end of March 2014. The government is committed to the new fund. It will be established with \$5.9 billion funded by amounts from the Education Investment and Building Australia funds not allocated to approved projects. The government will make further contributions following the successful privatisation of Medibank Private. Should we decide to engage in future asset sales, then those proceeds may also be contributed to the fund.

I would just like to respond to a couple of items that have been raised during the debate by Labor members. On the matter of the South Australian funding raised by the member for Makin, I need to quote from a letter to local government in that particular state from the Deputy Prime Minister. The letter said, 'The local government financial assistance grants program will not be indexed for three years and this special road grant to South Australian councils, which expires this year, will not be renewed. The additional funding for infrastructure investments along with Roads to Recovery, bridges renewal and black spot programs, is expected to offset those decisions.' That word 'offset' is very important, because it means they will not miss out. They are benefiting enormously from the programs that the coalition government has put into place.

We heard the member for Chifley making all sorts of allegations and concerns about Badgerys Creek. How does this government plan to meet Sydney's aviation demand? What is this government doing to build the infrastructure of the 21st century for Western Sydney? The answer to those questions is that we are getting on with building Western Sydney's first airport. Some might like to say it is Sydney's second airport, but it is Western Sydney's first airport. For more than 50 years, governments of all persuasions have talked about a second airport for Sydney, a first airport for Western Sydney. This coalition government—this Liberal-Nationals government—has ended the indecision. We have stopped the dithering and locked in Badgerys Creek as the site for Western Sydney's airport. The talk is over.

This government is getting on with the job—getting on with the job of paying back the debt and getting on with the job of building important infrastructure. That is why this particular debate is so important. This decision about Badgerys Creek is good for the economy, it is good for jobs and it is good for tourism. Most importantly, it is good for Western Sydney, and certainly the member for Chifley should get on board. The airport will be a major catalyst for investment and jobs growth in the region for decades to come. While the initial construction phase is expected to create up to 4,000 jobs, tens of thousands of additional jobs will be created as the airport grows over time. There will be 35,000 jobs by 2035, increasing to more than 60,000 by the year 2060.

Now that sounds a long way off, but do not take my word for it—where do these figures come from? Ernst and Young analysed the employment benefits of an airport at Badgerys Creek as part of a report, *A Study of Wilton and RAAF Base Richmond for Civil Aviation Operations*, and this analysis was based on a review of domestic and international literature on employment created by airports and a comparison of actual employment benefits

of airports around the world. So we are looking at tens of thousands of jobs. That is going to revitalise Western Sydney and is going to provide so many great opportunities for industry, for business, for tourism and for the constituents of the member for Chifley and others.

We are getting on with the jobs of paying back Labor's debt. We are getting on with the job of paying back the debt and deficit legacy that we have been left after six years of Labor. In response to the member for Moreton's query about the eligibility of assets, the incentive will be determined under the national partnership agreement. Had he been listening, he certainly would have been on board with that part of this particular piece of legislation. The Asset Recycling Fund is an essential element of the government's infrastructure package announced in the 2014-15 budget to support economic growth. That 13 May statement by the member for North Sydney, the Treasurer, called 'the budget' is getting on with the job of rebuilding Australia in infrastructure and in paying down the debt. We are getting on with the job because that is what Australians expect us to do. Contrary to what those opposite would have you believe, the government has increased overall infrastructure spending between 2013-14 and 2018-19 by \$16.4 billion. That is a substantial commitment in a tough fiscal environment. I commend this bill to the House.

The DEPUTY SPEAKER (Mr Vasta): The question is that the member for Melbourne's amendment be agreed to.

A division having been called and the bells having been rung—

The DEPUTY SPEAKER: As there are fewer than five members on the side for the ayes, I declare the question resolved in the negative in accordance with standing order 127. The names of those members who are in the minority will be recorded in the *Votes and Proceedings*.

Question negated, Mr Katter, Mr Bandt and Mr Wilkie voting aye.

The DEPUTY SPEAKER: The question is that this bill be now read a second time.

A division having been called and the bells having been rung—

The DEPUTY SPEAKER: Order! As there are fewer than five members on the side for the noes, I declare the question resolved in the affirmative in accordance with standing order 127. The names of those members who are in the minority will be recorded in the *Votes and Proceedings*.

Question agreed to, Mr Katter, Mr Bandt and Mr Wilkie voting no.

Bill read a second time.

Message from the Governor-General recommending appropriation announced.