



Speech by

Andrew Cripps

MEMBER FOR HINCHINBROOK

Hansard Thursday, 11 September 2008

AIRPORT ASSETS (RESTRUCTURING AND DISPOSAL) BILL

Mr CRIPPS (Hinchinbrook—NPA) (4.53 pm): I rise to make a contribution to the debate on the Airport Assets (Restructuring and Disposal) Bill. The stated purpose of the bill is to, amongst other things, facilitate the restructure and divestment of the interest of the government of Queensland in Cairns and Mackay airports held by Cairns Ports Ltd and Mackay Ports Ltd. The bill proposes to achieve its objective by facilitating the creation of stand-alone airport businesses operated by new subsidiaries of Cairns Ports Ltd and Mackay Ports Ltd which, in effect, is the process by which the airport operations of these ports authorities will be separated from the seaport operations. Once separated, the disposal process will be undertaken for the airport operations at Cairns and Mackay.

The bill provides for the disposal of the airport businesses at Cairns and Mackay to be effected on the basis of a 99-year lease. The explanatory notes accompanying the bill indicate that the legislation will include changes to the planning instrument for the airports involved, the provision of appropriate powers to the airport lessee to control operations on airport land to ensure the proper and orderly operation of the airport for the safety and security of users, and safeguards to ensure that airport lessees handle their powers in an responsible manner.

The explanatory notes also indicate that the time frame for the disposal of the airport entities is set for the end of 2008. The restructuring powers provided to the minister by this bill are scheduled to lapse on 30 June 2009. As a result, there is a specified time frame in which the disposal of these airport assets needs to occur. The explanatory notes indicate that these provisions are in place to ensure that the best commercial outcome is achieved for the state of Queensland. The explanatory notes suggest that any delay in the restructure or disposal processes will reduce the receipts to the government of Queensland for the commercial value of the businesses.

My comments from here on will pertain mostly to the Cairns airport. I would like to canvass with the Treasurer some issues of concern that have been raised with me about the disposal of the Cairns airport and what those funds will be used for. As outlined by the shadow Treasurer, the member for Clayfield, the LNP opposition will not be opposing the bill. However, some legitimate questions need to be asked, and I invite the Treasurer to pass some comment in his reply to the debate.

The Cairns airport is a very significant asset for the city of Cairns and for far-north Queensland as a whole. Insofar as that is concerned, I agree with the statements made earlier by the member for Cook. The future ownership and use of the Cairns airport site is of great interest to the business community and the general public and is of critical importance to far-north Queensland as a whole. Coupled with the domestic and international services that fly in and out of the Cairns airport, the general aviation section of the Cairns airport is a major economic driver of the city of Cairns that provides essential services to many areas of far-north Queensland but in particular to the Torres Strait, Cape York Peninsula and, to a lesser extent, the Gulf of Carpentaria. One concern that has been raised with me is the security of tenure for general aviation operations that presently exist on the western side of the Cairns airport. It has been suggested to me that one of the conditions of the disposal of the Cairns airport should be that the western side of the Cairns airport be quarantined for the purposes of general aviation to protect existing airport users.

Earlier I mentioned that the explanatory notes accompanying the bill indicate that the legislation will include changes to the planning instrument for the airports involved and that appropriate powers would be provided to the airport lessee to control operations on airport land to ensure the proper and orderly operation in respect of safety and the security of users and requiring lessees to use their powers in a responsible manner. I would appreciate it if the Treasurer can confirm that these planning instruments, powers and requirements will protect current general aviation operators at the Cairns airport.

The structural separation of the Cairns airport assets from the Cairns seaport assets and the subsequent disposal of the Cairns airport assets as a public policy proposed by the state government has been predicated on the utilisation of the funds from the sale of the airport assets for the delivery of upgraded public health services to Cairns, in particular the redevelopment of the Cairns Base Hospital. It is certainly true that public health services in respect of the Cairns Base Hospital need to be improved. Indeed, given that Cairns Base Hospital is the major hospital servicing the whole of far-north Queensland, the matter is important to the whole of the region including to communities in my electorate of Hinchinbrook.

One point made in the explanatory notes provided with the bill is that public consultation is not considered to have been appropriate on this issue. I know that the state government in no way canvassed the prospects of disposing of its interests in the Cairns or Mackay airports prior to the last state election. Given the tight time frames proposed for the disposal of the Cairns and Mackay airport assets, it is unlikely that the general public will have the opportunity to have a say. The decision to sell off the Cairns and Mackay airports was the result of public policy developed quite quickly following active campaigns by the local community and the local newspapers in Cairns and Mackay for urgent action by the state government to address the inadequacy of public health services at the public hospitals in those two major provincial cities respectively.

While I think it is fair to say that the majority of Cairns residents have grudgingly accepted the fact that the Cairns airport will be sold in order to address the serious problem of the delivery of public health services in their city, I am not convinced that they are very pleased with being put in the invidious position of accepting the sell-off of their airport to achieve that goal. Really, the state government put the people of Cairns over a barrel and made them accept the sell-off of the Cairns airport by offering the proceeds for improved public health services.

As was mentioned by the shadow Treasurer, the member for Clayfield, the Cairns Port Authority has been an important contributor to a number of important organisations and services that play significant roles in the local and regional community including the Australian Volunteer Coast Guard, the Royal Flying Doctor Service, Tourism Tropical North Queensland and Advance Cairns. In the case of Tourism Tropical North Queensland and Advance Cairns, these two organisations really do play a very important strategic role in commercial advocacy for Cairns and for far-north Queensland. I would like to hear what the Treasurer has to say in respect of the certainty of continued funding from the Cairns Port Authority for these organisations once the disposal of the Cairns airport is completed, given that in Cairns and far-north Queensland tourism is a major industry and it is suffering from a downturn at this point in time and the advocacy of those two organisations is particularly important for its recovery.

The shadow Treasurer, the member for Clayfield, also mentioned the ability of the port corporations to fund future investment due to loss of income or, in other words, the viability of these corporations going forward when their assets are reduced to the seaport activities in Cairns and Mackay respectively. It is important to ensure that the port corporations affected by this bill are sustainable after the restructure and sell-off of the airport assets. Airport activities represented 72 per cent of revenue for the Cairns Port Authority in the 2006-07 financial year. Airport activities for the Mackay Port Authority in the 2006-07 financial year represented over 62 per cent of its total profit.

The sale of the airport activities in terms of the Cairns and Mackay port authorities really compromises these corporations to a degree, given the importance of the airport assets to their activities. It has created an amount of uncertainty about the future management of ports, particularly seaports, in north and far-north Queensland. The state government has subsequently announced a review of the management of ports in north and far-north Queensland and that has created some consternation. Townsville stakeholders put in a submission for the management of all ports north of and including Mackay to be consolidated into one port authority based in Townsville. Cairns stakeholders quickly provided an alternative submission that all ports north of and including Mourilyan should be consolidated into one port authority based in Cairns.

While Cairns and Townsville stakeholders have provided rival submissions, the ramifications of the decision to dispose of the airport assets in Cairns and Mackay will evidently affect the management of all ports in far-north Queensland and north Queensland. It will be vitally important that any restructure of ports in far-north and north Queensland takes into account the specific needs of port users at ports such as Lucinda and Mourilyan in my electorate of Hinchinbrook, just as it will be important for the current general aviation operators at Cairns airport to be given due consideration when that asset is sold off.

Users of sugar ports like Mourilyan and Lucinda need protection in any restructuring of port authorities. I certainly do not want a new port authority structure that creates a situation where ports like Lucinda or Mourilyan are treated like a poor cousin to bigger city ports in the region. The ports of Lucinda and Mourilyan are important to the sugar industry, just as the Cairns airport is important to Cairns. If there are any implications for sugar industry port users at places like Lucinda and Mourilyan as a result of the review of the management of far-north and north Queensland ports, which has been triggered by the matters which are the subject of this bill, these need to be spelt out clearly. These users need to be guaranteed security. There has been a lot of investment by the sugar industry in the infrastructure at ports like Lucinda and Mourilyan.

I can see that a restructure of the management of north and far-north Queensland ports could present a number of opportunities, and I am not necessarily opposed to a management restructure. However, it is vitally important that the state government understands the needs of sugar industry port users at Lucinda and Mourilyan and that any restructure protects their interests and does not disadvantage them.

I understand that of the revenue obtained through the sale of the Cairns airport \$450 million has been allocated towards the improvement of public health services in Cairns. The Treasurer has said publicly that the funds that are raised by the sale of the Cairns airport will stay in far-north Queensland and go towards the improvement of public health services in Cairns, with any surplus to be invested in the Queensland Future Growth Fund to be utilised for further infrastructure projects in north Queensland.

That is a welcome statement from the Treasurer, but the delivery of these improved public health services at the Cairns Hospital could very well be several years away. My last question to the Treasurer is: what if the costs of the necessary upgrades to the public health facilities in Cairns end up being in excess of the funding that is realised from the disposal of this asset either because the government does not secure the price it has budgeted for or because construction costs increase even more significantly between now and when the state government actually moves to deliver the improved public health facilities it has promised to Cairns? I look forward to the Treasurer offering his views in respect of that question and his views in respect of my inquires regarding the security of general aviation operators at the Cairns airport and the funding of those organisations that have previously been generously contributed to by the Cairns Port Authority.