




Speech By
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MEMBER FOR GREGORY

Record of Proceedings, 12 August 2020

QUEENSLAND FUTURE FUND BILL

ROYALTY LEGISLATION AMENDMENT BILL

 **Mr MILLAR** (Gregory—LNP) (4.46 pm): There was a famous UK Prime Minister who said, ‘The problem with socialism and Labor is that you eventually run out of other people’s money.’ I think that is something we need to remind ourselves of in this Queensland parliament. In my contribution to this debate I would like to highlight the rushed nature of this whole scheme. Both bills being discussed in this debate were presented to the House as urgent, and now we are seeing a cognate debate. The House has limited time to discuss the issues, and a cognate debate at that, so neither bill will receive individual consideration. Any urgency has been manufactured solely by the Queensland ALP and its breathtaking level of financial mismanagement.

As the third Labor government Treasurer, the member for Woodridge seems to be following firmly in the trail blazed by his predecessor, the member for South Brisbane. Prior to standing down, the member for South Brisbane announced she would establish a Queensland Future Fund. This was announced as she presented Queensland with grim news at the December 2019 Mid Year Fiscal and Economic Review. No doubt it was meant to distract from the revelation of the extra billions of dollars of debt on top of the last state budget six months prior, and this was still before anybody heard of COVID-19. As a distraction, it was brilliant. It sounded like Labor was finally going to do something about reining in its reckless spending and repaying some of that debt. It sounded important and it sounded decisive. At the same time the former treasurer also announced the Service Priority Review Office, which was going to find \$1.365 billion in savings.

Mrs Frecklington: How did that go?

Mr MILLAR: I take that interjection from the Leader of the Opposition. It is now defunct. The Treasurer, Cameron Dick, is now in charge of selling the same old three-bean trick. He has dusted off their proposed Future Fund with one hand, while on the other he revealed that Labor’s debt is now increasing—blowing out by billions in seven months since former treasurer Trad’s MYFER. When you listen to Labor’s media conference—

Mr Krause: How many billions?

Mr MILLAR: I will take that interjection from the member for Scenic Rim. I think it is \$17 billion now. When you listen to Labor’s media conferences you must always listen to the changes in wording. These are always significant, always manipulative and always deliberate.

The Treasurer had a long list of things he did not know at the 9 July 2020 media conference on the *Today* show. He did not know Queensland’s debt level or how many public servants he had or what savings the now cancelled Service Priority Review Office had managed to find. He did not even know what size the Queensland Future Fund would be, but he said it would be ‘at least’ \$5 billion—as in at

least as big as the former treasurer's. He has breathlessly stated that the Future Fund will ring-fence Queensland's assets so withdrawals can only be used to pay down debt borrowings and any administrative expenses associated with that.

I do not know how much the Treasurer knows about fencing, but maybe he has not understood what ring-fencing is, which I know a lot about. The wild dog fencing in my electorate of Gregory is an excellent example of ring-fencing, and I do thank the Premier for the additional funds. However, I must point out to the Treasurer that the aim is to separate the herd from the predator. You ring-fence the valuable sheep so the killer dogs cannot get in. The aim is not to leave the predator inside the ring fence with the sheep.

The Queensland Future Fund is no ring fence against a Labor government—which is the predator—which has already taken \$2 billion from Public Service superannuation; \$2 billion from suspending employer contributions to public servant superannuation, which is confusingly not called wage theft; \$3.4 billion from the long service leave benefits of public servants; and, last but not least, \$5 billion that was ripped out of the government owned corporations. The predator is still inside the fence.

To finish off, the Treasurer's official media release told the world proudly that, in addition to ring-fencing Queensland's assets, the Queensland Future Fund would also be a locked box which would remove the risk of 'the LNP trying to justify a sell-off of assets'. This locking in of future governments was pioneered by Labor's Wayne Swan at the federal level, so even though Wayne got turfed out, along with Kevin Rudd, his debt bombs are still inflicting shrapnel wounds on taxpayers at the federal level.

The reason this bit of spin deserves to be laughed at is that the only political party that has ever sold off Queensland assets is the Queensland Labor Party, and they did that slyly without any consultation. When the LNP wanted to sell assets to pay down Anna Bligh's debt, we were honest enough to take it to an election, to put it in front of the people and be honest with the people. The Queensland people voted against it and that is that. For the Treasurer to pretend otherwise is utterly dishonest. Perhaps the Future Fund is actually ring-fencing the predator in with the flock. After all, Labor is recklessly pursuing a further \$1 billion raid on the defined benefit scheme's so-called surplus. It is doing so despite the fact that the coronavirus pandemic has affected financial markets negatively and that will have affected the surplus negatively. Despite this obvious possibility, Labor still intends to raid it before the State Actuary has been able to update the future deficit probability modelling.

What is going in the ring-fenced lock box? It will include the Treasurer's dubious investment in Virgin airlines, an investment in the industry most troubled by the pandemic, an investment already showing poor returns in lost Queensland jobs and fewer Queensland flights. In addition, there will be the Queensland government Titles Registry. The Treasurer has said that is worth around \$4 billion. The Cross River Rail precincts are also included at an unproven value of \$160 million and the defined benefit superannuation scheme—which, as I said, we await an updated value on.

Labor's economic mismanagement is starting to attain legendary proportions, so it is no surprise to find that, under the Treasurer's model, it is estimated that these ring-fenced assets will deliver a 1.3 per cent return on asset value. That is less than half the government's debt interest rate—half. That is less than half at a time when ratings agencies are muttering about government credit ratings and when the Queensland government debt must be squarely in their sights. The Bligh Labor government lost our AAA rating, so we pay higher interest than other governments. We must all hope that this Labor government does not see us tumble further.

I move now to the Royalty Legislation Amendment Bill. This was another bright idea of the former treasurer, Jackie Trad, which shocked the industry when it was announced but gave a nice contract to old mate Jay Weatherill to conduct a review. While the review recommended changing the basis for calculating royalties from a wellhead model to a volumetric model, Labor has failed to publicly release any modelling to show that the new regime will be to Queensland's benefit—nice work, Jay; I hope you have got that cheque—nor has it released any modelling of the impact of the scheme on the gas and petroleum industry, so we do not know if it risks killing the golden goose. The Weatherill review was announced on the same day Treasurer Trad declared a 25 per cent increase in gas royalties, pushing Queensland into having the highest royalty rates in the nation. We are the home of the resources industry in Australia and we have the highest royalty rates in the nation.

Labor's former federal resources minister Martin Ferguson, whom I do respect—Martin is a person whom you do respect—said that Queensland Labor's decision would 'probably raise serious questions in the minds of investors about sovereign risk'. I concur with Martin Ferguson. Even though he was on the other side of politics, I do believe he absolutely understood the resources industry and he continues to understand it. Clearly, no-one had told Martin about how economically illiterate Queensland Labor is.

After all that, we are now debating a so-called urgent bill to amend the royalty arrangements for gas and petroleum so that royalties will indeed be tied to the volumes produced. But guess what? We are being asked to pass this law without knowing how the volumes will be measured. Clearly, you have to measure the volume in order to calculate the royalties owed, but this Labor government has failed to develop any measurement guidelines or protocol. Why was Jay Weatherill paid at all? Why was a Labor mate paid when we have no way forward?

Is it any wonder that we now rank below African resource nations as a preferred destination for investment in resource development? This is Queensland. The Bowen Basin of the 1960s and 1970s was important and it developed our resources industry, but now we are ranked below an African resources nation. Western Australia is the one to look at, but this is absolutely disturbing and I say that as the member for Gregory, which is the home of the Bowen Basin. We are now ranked below an African resources nation.

In 2012, the LNP government ensured royalty stability by committing that coal royalties would not be increased until the 2021-22 financial year. We gave some certainty to the resources industry. By comparison, Labor's promise for a five-year freeze provides no certainty for resource projects because it is not even in this bill. This means that, when they panic about the unpaid debts again, the Treasurer can turn around and hike the royalties yet again. This scares me and I can tell the House that this is not a good promise for Queensland's future.