



Speech By  
**Linus Power**


**MEMBER FOR LOGAN**

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## **QUEENSLAND FUTURE FUND BILL**

### **ROYALTY LEGISLATION AMENDMENT BILL**

 **Mr POWER** (Logan—ALP) (3.04 pm): That was revealing. The shadow Treasurer has a deeply unhealthy obsession with the member for South Brisbane but has not moved on. There is such an interest in the member for South Brisbane but no interest at all in the future for Queenslanders, no interest at all in what Queenslanders face as a challenge with COVID-19. Revealingly, the one thing that was targeted was public servants and the need for them to be cut. That was quite evident in that speech, but it was mostly abuse. It was mostly obsession with the member for South Brisbane. We on this side of the House are looking to Queensland's future through these two bills.

As the chair of the Economics and Governance Committee, I rise to support the cognate debate on the Queensland Future Fund Bill and Royalty Legislation Amendment Bill. These bills were referred to the committee, which held separate consultation processes on the bills. The committee invited submissions from stakeholders on both bills: the Queensland Future Fund Bill received two submissions and the Royalty Legislation Amendment Bill received 22 submissions. We received a public briefing on both bills from Treasury and we also received responses from the department about submissions. They are all contained on the committee's website and reflected in the reports that have been submitted to parliament.

The Royalty Legislation Amendment Bill recognises that Queenslanders own the petroleum and gas resources of our state. The Queensland government previously entered into a process of consultation on royalty modernisation through 2019-20 and noticed that the industry broadly recognised that the process of modernising these royalty arrangements was needed. We should also recognise that the process of attempting to calculate wellhead value was complex, subject to distortion, dispute and sometimes even litigation and not reflecting community expectation of royalty returns on this resource.

These resources are non-renewable resources that can only be extracted and used once. It is vital that Queenslanders get a return in the form of royalties on these resources. We saw the LNP in their term of government simply increase royalties on coal companies. I note that the member for Everton, and even my erstwhile deputy chair, voted in favour of those increases, so any kind of promise that they make at this point about royalties simply is not worth the paper it is written on. However, the process here is to implement a new basis for petroleum and gas royalties so that Queenslanders get a fair value on the volume of the non-renewable resource extracted. Previously, this was linked to the value of a reported transaction that might not fully reflect the royalties due to Queenslanders.

A consequence pointed out by some submitters was that the projects would have to pay royalties from day one of production instead of an effective holiday on royalties. It is worth reflecting that this industry, because of social concern, faces a ban in many states. It is important that, in order to continue to receive the support of the Queensland community, there is a fair return of royalties to the Queensland

community. We also heard the message there would be continued investment in the area, with the recent announcement of the final investment by Arrow Energy. The member for Everton seemed unaware of this massive investment and confidence in the sector. We also received a submission—again this was not mentioned by the member for Everton—from Senex Energy, which stated—

... our experience and our view that the model would pose no impediment to further development of such fields. By way of particular example, Senex has successfully developed the Roma North natural gas field in western Queensland, including the construction of greenfields gas infrastructure, and at a cost of more the \$200 million.

We are actively progressing internal approvals for a material expansion of this field, and I can confirm that the proposed royalty regime which is the subject of this Bill will not negatively impact this investment decision ...

Although there were different views, we recognise that we have to get a fair rate of return of royalties for Queenslanders. It is vital that we continue to have community support for this vital industry through fair royalty processes that provide a fair return for Queenslanders and is transparently applied for those who take out this non-renewable resource. I also want to note that we encourage the use of local industry and the use of gas locally. Gas locally, whether it is used in the port of Gladstone or out in more regional and remote areas, is going to encourage and increase jobs in industry where that gas is located.

I now turn to the Queensland Future Fund Bill. We should recognise that we as Queenslanders have fully funded the future expected liabilities of our defined benefit fund. I note that the member for Everton noted that, even after the effects of COVID-19, we have funded at a rate of 108 per cent of funded liability. It is really important to note that, instead of what he seemed to claim, we are taking this fund and securing it such that that liability continues to be secured by putting it in this Future Fund as an offset against debt.

No other state or indeed the Commonwealth can make the same claim about having a fully funded defined benefit superannuation scheme. Other states hope that at some time in the future they will be able to claim the same, but by that time liabilities will have reduced to the point where it will not nearly be the same as what we have here in Queensland.

We have funded the expected future retirement defined benefits, but we also have a surplus. This surplus is not properly recognised by those who rate the state's credit worthiness. After looking at a similar fund in New South Wales, the Treasurer is moving to establish a fund to hold funds for Queensland's future, this Debt Retirement Fund, with the value to be netted off against the debt of our state to support our credit rating. The ratings agencies have accepted this model established by New South Wales. We took New South Wales as a model and a basis to be replicated as far as possible. It is worth noting that the New South Wales bill was not only declared urgent but also cognated with four other bills. That is what happened in New South Wales, so the criticisms are really of the New South Wales government. Criticisms of the Future Fund are indeed criticisms of New South Wales and their legislation.

As I have said before, we received a briefing from the department as well as the State Actuary and the QIC head who will administer investment on the fund. We also received two brief submissions that were broadly supportive. Importantly, this is about keeping public assets in public hands. It is a mechanism to ensure that the LNP do not put our public assets further at risk.

It is also important to note that the member for Everton now does not have the four pillars that they had in government. They had four somethings—I am not sure what they were—but he has to recognise that he cannot go back to the four pillars because they were a disaster while they were in government. All of them contracted. If we were to have that contraction in the future, those investments by the QIC in the Future Fund would be put at risk by a future LNP government. There are cracks in their pillars.

Of particular importance for the residents of Logan is the HomeBuilder grant from the federal government. There is an amendment to legislate this very important grant from the federal government, and I recognise that. Along with the state incentives, that will drive growth and get young families and others who are moving into a house for the first time to move out to Logan. I encourage them to do that because we are building a great community that cares about each other.

We recognise that we are in uncertain times and that our economy is being battered by the effects of COVID-19, but our state is continuing to look to a bright future. We must unite and recover, and the royalty amendments and Future Fund will aid in strengthening our economy and helping us to recover in the future.