



Speech By  
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**MEMBER FOR TRAEGER**

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**QUEENSLAND FUTURE FUND BILL**

**ROYALTY LEGISLATION AMENDMENT BILL**

 **Mr KATTER** (Traeger—KAP) (11.20 am): I rise to make a contribution firstly to the Queensland Future Fund Bill 2020. As I understand it, this is a first for Queensland. I understand the objectives the government is trying to achieve. I would like to see a provision in this legislation that would see the funds better utilised. This is consistent with the commentary of Adept Economics that more focus should be put on broader fiscal management in the economy. That could be married up with the federal initiative of developing Northern Australia. I think we have done that quite poorly in this state.

We see an opportunity for part of the Future Fund to be quarantined for North Queensland—that is, a portion of the fund allocated to a North Queensland future fund. Those funds would be quarantined and focused on unlocking opportunities that exist in North Queensland, have long been ignored and could contribute well to the state's bottom line. This was discussed at length last night with the delegation from Townsville Enterprise and Taskforce North Queensland. They have produced a document titled 'Unlock the north'. They still use words like 'unlock' to indicate that there is still a lot of work to be done in North Queensland. That does not have to be read as a criticism. It can be read as an opportunity. This bill presents an opportunity.

The KAP sees this bill as a great opportunity for the government to quarantine part of that fund. The likes of QIC could play a role in this. It has an investment in NAPCo and it already has an interest in some industrial activities in those areas. An organisation like that could complement its activities with other investments. For instance, NAPCo could buy the Karumba port or gain equity in the HIPCo irrigation scheme at Hughenden which has good metrics and shows good returns. Those sorts of things are good, safe investments and the public could underpin them. At the same time, it would deliver on the fiscal imperatives for the state government. As was said last night at the Townsville Enterprise and task force dinner, it is important to have these discussions in the context of the coronavirus.

Mining and agriculture are the sectors keeping this state going at the moment. That may well be the case for the next year or two, whether we like it or not. There is certainly a deficit of infrastructure and policy associated with those industries. There is a great opportunity to enhance those things that are performing well, have always performed well and will continue to carry us through these dark economic times. The Queensland Future Fund Bill is missing a great opportunity to introduce a North Queensland component to the Future Fund, with the support of the likes of QIRC. That is certainly something the KAP would like the government to consider beyond the term of this parliament. We believe it is imperative for the development of Queensland.

I will also make some comments on the Royalties Legislation Amendment Bill. I will address what is missing. Royalties can be a great enabler and lever for government. They should not be seen just as opportunity to pull cash out of an industry but seen as an enabler. We see this firsthand in the North West Minerals Province. Projects have no chance of getting up unless we can entice someone to invest in them and get them off the ground. I think that is the attitude we have to take in the context of the economic pressures we are facing.

The one way to do that is adjust the royalties. A great example of this at the moment is the copper smelter in Mount Isa. I am a bit rubbery on the figures. In terms of bauxite and zinc processing, the Queensland government, I sincerely say, in its wisdom has in the past said that if companies are going to value-add to the mining process and not just send the ore over to China to process—that is, they set up a smelter or refinery in Queensland—they would give them a 30 per cent discount on their production of zinc or alumina. I think that is a great policy.

That has kept manufacturing and value-adding in Queensland. That is something we should be focused on. It is something the federal government keeps talking about. We need to see action from the federal government in that area. It is glaringly obvious that we are yet to see any real action from the federal government in that area of stimulating advanced manufacturing.

I return to this state and royalties. The copper smelter in Mount Isa is on wobbly wheels. If a company produces copper and value-adds, I think the royalty discount in Queensland is 20 per cent. Why is it 20 per cent when for other products it is 30 per cent? I am not sure why. If we want to keep a copper smelter in Queensland and stop it from being demolished and not have one built in China where it will be processing the same ore, the government may have to consider royalties.

People can be sanctimonious and say that they are not going to help the mining industry and we will lose the smelter or they can suck it up and keep it open. There are 1,300 to 1,500 jobs associated with that smelter. I was talking last night to people from Incitec Pivot and those involved in the copper industry. Sulphur is taken from the process at the smelter in Mount Isa and captured by Incitec Pivot's acid plant. The acid is carted to the phosphate mine. There are about 600 workers there. They are mostly Townsville workers. That acid goes by rail to one of the biggest fertiliser plants in the southern hemisphere to make fertiliser.

That links in with the viability of Sun Metals in Townsville. There are thousands of jobs that revolve around keeping that smelter open. The government has to consider royalties in order to keep that open. They might like rolling the dice on that, but I do not want to. I want to keep those jobs in Townsville and the north-west. Royalties are the way to achieve that.

That needs to be considered as part of this discussion. Now is the time to look at royalties—not so much as a cash grab for the economy but as a lever to ensure jobs. What this comes back to is jobs. It is not about mining companies making profits. That is not the aim. The aim is jobs—high-value jobs. People with those jobs spend money in the restaurants in Townsville. They spend money in the tourism and hospitality industries where we have a deficit of overseas tourists. That is what it is all about. This is a very important thing that should be included in this bill, but is not. It requires consideration by the government beyond this bill, if it is not amended now.

The Queensland Future Fund requires a North Queensland future fund as part of it, run by a body like QIC. It should be focused on stimulating and unlocking potential in the north. The government needs to revisit royalties, particularly around value adding and our copper smelter, otherwise thousands of jobs in Townsville will be lost. That will fall squarely on the shoulders of this government.