Speech By
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MEMBER FOR BONNEY

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QUEENSLAND FUTURE FUND BILL

ROYALTY LEGISLATION AMENDMENT BILL

Mr O'CONNOR (Bonney—LNP) (3.29 pm): I rise to make a contribution to the cognate debate on these two bills as a member of the Economics and Governance Committee. I thank my fellow committee members; the chair—I am not sure what I can say about him other than he is the member for Logan; the illustrious deputy chair, who of course was the former mayor of the Gold Coast and the former mayor of the Albert shire; and of course our brilliant secretariat staff, who put together this inquiry report very swiftly.

First I will make some comments about the Queensland Future Fund Bill. My colleagues on this side of the House and I take issue with this government's mismanagement of the Queensland economy and the extraordinary rate at which our debt is growing. It is not something to be blamed on COVID-19, either. Members opposite are trying to blame it all on the pandemic, trying to forget their last five years in government. We need not look very far to know that our economy was in a dire situation before COVID hit. Now we have an even bigger debt for the government to get under control, something it is entirely incapable of doing.

Of course, this year we will not see a budget delivered by this Treasurer. The 2019 Mid Year Fiscal and Economic Review showed all key economic indicators heading in the wrong direction. Queensland had the highest unemployment, most debt, most bankruptcies and lowest business confidence. I feel this on the ground in my part of the Gold Coast where we have the highest unemployment in our city. People are crying out for more job opportunities.

This bill originated in the MYFER of last December with the former treasurer announcing the establishment of this fund of around $5 billion. That was very conveniently announced in the context of the higher-than-expected unemployment rate and the lower-than-expected growth figures. Again, before COVID-19 Queensland had higher debt levels than any other Australian state or territory. We heard nothing about this for months until the new Treasurer mentioned it again, conveniently in the context of the announcement of our huge $17 billion blowout of debt. Of course, that was around the time he held that press conference where he was not sure of our debt level, how many public servants were on his payroll, what would be in this fund or how big it would be, how much would be raided from the public servants' superannuation scheme, how many savings the Service Priority Review Office delivered last financial year or even the government's own fiscal principles. The legislation came before the parliament last month and was declared urgent.

We are told that the fund will include the Queensland Titles Registry, valued at at least $4 billion; a billion dollars from the surplus of the state's defined benefit scheme; and the Cross River Rail precincts, valued at around $160 million. As my colleagues have mentioned, the figure for the Titles Registry needs further clarification as both the New South Wales and Victorian registries were sold in the last couple of years for $2.6 billion and $2.86 billion respectively, and those are in larger jurisdictions than Queensland. The $4 billion figure needs to be clarified. As well as their value, Treasury could not even confirm the inclusion of these assets because they still were undergoing due diligence. That means we are in the dark about the estimated return this new fund will generate.

Importantly, the committee hearings heard that the defined benefit scheme surplus was around $3.5 billion. It will remain in surplus even after this decision to redirect a billion dollars, but it is a serious concern, with the surplus having been essentially halved in the past year, from $4.976 billion to just over $2½ billion. This all increases the risk of the fund going into deficit.

Now I will make some comments about the Royalty Legislation Amendment Bill. This is a result of the changes announced in the last budget with the surprise 25 per cent increase in petroleum royalties. The $122,000 royalty review by former South Australian premier Jay Weatherill started last October and recommended the volume model of calculating coal seam gas to replace the wellhead value regime.

In our public hearing I asked Treasury how much additional revenue will be raised by the change in petroleum royalty calculations to this volume model. They did not have any details on what those figures are and said that we would have to wait until the COVID financial statements in September. They could not even provide us with any estimates. I also asked whether any economic modelling had been undertaken on the impact of these changes and, again, we were told that we would have to wait until September.

As with the Future Fund, I question the urgency of the legislation considering it was announced in the last budget and given the Queensland Resources Council's disappointment about receiving the bill only the day before it was tabled in this House. In the hearings we heard from major industry bodies as well as some of the smaller operators upon whom this could have a significant impact. One interesting question that the member for Mermaid Beach asked of the QRC concerned whether this enhances Queensland's reputation as a sovereign risk. Mr Macfarlane answered that the legislation certainly decreases our attractiveness as an investment destination on the basis that it increases Queensland's sovereign risk profile. That is reflected in the statistics collected internationally by the REaD Group which has seen Queensland fall to 16 in comparison to Western Australia, which is No. 1 in the world, in terms of investment destinations for royalties. Mr Macfarlane added that we are now below some African countries as an investment destination. Industries like these need certainty and our state needs economic leadership. Only the LNP can provide that. We have a vision and a plan to stimulate our economy and drag Queensland out of recession.