Speech By
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QUEENSLAND FUTURE FUND BILL

ROYALTY LEGISLATION AMENDMENT BILL

Mr MANDER (Everton—LNP) (Deputy Leader of the Opposition) (2.40 pm): I rise to speak in the cognate debate on the Queensland Future Fund Bill 2020 and the Royalty Legislation Amendment Bill 2020. Both these bills were declared urgent by the Treasurer under standing order 137 during the last parliamentary sitting. The fact that the intention to legislate both bills was announced by the former treasurer, Jackie Trad, in 2019 shows how out of his depth Annastacia Palaszczuk's third and latest Treasurer is. The Royalties Legislation Amendment Bill has been progressing since a royalty review was announced over a year ago in last financial year's budget and the Future Fund was announced during the Mid Year Fiscal and Economic Review.

This out of his depth Treasurer, who has challenges when trying to remember his own fiscal principles, has had to declare these bills urgent and debate them cognately in a desperate attempt to avoid legislative scrutiny. We have just heard him speak to the two bills in seven or eight minutes, which is astonishing. These bills are simply handing in the member for South Brisbane's homework, albeit late, and $17 billion in more debt later. Treasurer Dick will be the only Treasurer in the nation not to deliver a budget this year. His only legacy will be handing in scandal-ridden former treasurer Jackie Trad's homework. The member for Woodridge took the member for South Brisbane's discarded portfolio when she became Treasurer in 2017 and now he is doing her bidding again by legislating her agenda. It is obvious that Premier Annastacia Palaszczuk's third Treasurer in five years is Labor's worst.

Mr POWER: Mr Deputy Speaker, I rise to a point of order. The reports are available if the member wishes to speak to the bills. Speaking about the previous treasurer is not relevant to the bills discussed by the committee.

Mr DEPUTY SPEAKER (Mr Stewart): Thank you, member for Logan. I have been listening. I am happy to allow the member for Everton to continue down the track he is going.

Mr MANDER: It is obvious that Premier Annastacia Palaszczuk's third Treasurer in five years is Labor's worst. He may not be their last Treasurer this term either. This Treasurer will forever hang his head in shame for being responsible for pushing Queensland's debt beyond $100 billion.

The royalty review that led to the development of this bill was announced on the same day that the Palaszczuk Labor government's scandal-ridden former treasurer, Jackie Trad, declared a 25 per cent increase in gas royalties, ripping another $476 million from the Queensland economy. The announcement of the 25 per cent gas tax was met with widespread condemnation. The CEO of the Australian Petroleum Production & Exploration Association, Andrew McConville, stated that 'to increase a cost right at a time when we need growth and investment, it just makes very little sense and it's extremely disappointing'.

Ms Grace: We wouldn't have an industry if it wasn't for Labor.

Mr MANDER: I will take that interjection. Even Labor's former federal resource minister the Hon. Martin Ferguson said that the Palaszczuk Labor government's decision was going to effectively 'increase the price of gas and probably raise serious questions in the minds of investors about sovereign risk'—a concept that this government does not understand. They do not understand why people and corporations are reluctant to invest in this state when the goalposts were changed in a matter of weeks and they were assured that there would be no tax increase.

Labor's 25 per cent gas tax has pushed Queensland into having the highest royalties in the nation. The regulatory uncertainty under the Palaszczuk Labor government and Premier Annastacia Palaszczuk's almost $4 billion of new taxes is stopping resources investment in Queensland and costing jobs. Because of Premier Annastacia Palaszczuk's antiresource and antijob agenda, Queensland has fallen to 15th place on the Fraser Institute's Annual Survey of Mining Companies investment attractiveness behind Western Australia in first place, South Australia in sixth place and the Northern Territory in 13th place. We cannot even get ahead of South Australia when it comes to investment attractiveness according to the Fraser Institute Annual Survey of Mining Companies.

Concerningly, during the public hearings on the bills, CEO of the Queensland Resources Council, the Hon. Ian Macfarlane, stated that Queensland is 'now below some African companies as an investment destination'. That is an absolute embarrassment. Premier Annastacia Palaszczuk's antijob attack on the Queensland resources sector has been relentless over the last five years. Queenslanders do not forget that the Palaszczuk Labor government's former treasurer, Jackie Trad, who first announced the proposed royalty changes contained in this bill, told the Queensland resources community that they need to reskill. Look what happened in the last federal election, particularly in Central Queensland, after that comment which reflected the sentiment of the Palaszczuk government towards the resources industry.

To stop a repeat of Labor's 25 per cent surprise gas tax, I table amendments that I will move to the bill which provide a legislative guarantee that prescribed royalty rates at 1 October 2020 will remain unchanged for a period of 10 years ending 30 September 2030.

Tabled paper: Document, undated, titled 'LNP Amendments to Royalty Legislation Amendment Bill 2020' [1333].

Our amendments will freeze royalties to provide industry with the certainty needed to unleash investment, create jobs and boost exports. I call on the Palaszczuk government to back our amendments that will help get Queensland working again.

The Queensland Resources Council issued a media statement this morning outlining that the LNP's amendments would create more jobs and strengthen COVID-19 recovery efforts. In the media statement, QRC CEO, Ian Macfarlane, stated—

… today's announcement by the LNP that it will legislate a 10-year freeze on royalty rates until 2030, because it's exactly what Queensland needs right now.

For the benefit of the House, I table the QRC media statement, which calls on all members of state parliament to support the LNP's proposal.

Tabled paper: Media release, dated 12 August 2020, by the Queensland Resources Council, titled 'Royalty certainty essential to protect Qld economy from COVID-19 impacts' [1334].

These amendments are part of our plan to stimulate the economy, create a decade of secure jobs and drag Queensland out of this recession. Before coronavirus, Queensland already had the highest unemployment in the country on average, the most bankruptcies and the lowest business confidence. Queensland is a resources state. We need to provide industry with the confidence to invest, to construct and to create jobs. The LNP will start working on opening up new resource projects as a major new economic driver for Queensland, invest in new infrastructure to create jobs and stimulate the economy. We will guarantee a 10-year royalty freeze. Only the LNP has a plan to stimulate the economy, create a decade of secure jobs and drag Queensland out of this recession.

This bill will transition Queensland's existing petroleum royalty regime to a volumetric model. The volume model is proposed to apply to all petroleum produced in Queensland—LNG, coal seam gas, oil and condensate. After nearly a year of regulatory uncertainty for Queensland's resources industry, the Treasurer finally announced that the outcome of the royalty review was the transition to the proposed volume model. The Treasurer stated that the new royalty regime was based upon the findings delivered by former South Australian Labor politician Jay Weatherill.

At a cost of $122,634.41 to Queensland taxpayers, the then treasurer Jackie Trad paid her former mate Jay Weatherill to do the job and undertake the royalty review that she announced—$122,000. This outrageous contract for a Labor mate shows that the Palaszczuk Labor government are working for themselves and not for Queenslanders. Hardworking Queenslanders who are struggling under Queensland's record unemployment level should not be slugged to fund a retirement windfall for failed Labor politicians. Shockingly, eight months after the review was announced, all that Jay Weatherill was reported to have submitted from his review was the outline of three royalty models—one of which was not even complete—and with no report recommendations. That is not quite money well spent.

In line with the Treasurer's announcement on 8 June 2020 to transition the existing petroleum royalty regime to a volume model, the bill amends the Petroleum and Gas Act 2004, the Petroleum and Gas Regulation 2004 and the Mineral Resources Regulation 2013 to change the basis for imposing petroleum royalties from 1 October 2020. The only problem with the volume model is that the Royalty Legislation Amendment Bill being debated does not prescribe detail on how liable petroleum is to be measured. To date, OSR has not published a royalty ruling to set out guidelines for measuring the volume of liable petroleum.

Labor has introduced a bill to change Queensland's existing petroleum royalty in less than two months—effective from 1 October 2020—without knowing how to measure the volume of liable petroleum. That is genius, as one of my former colleagues was known to say on many occasions. Only the economically incompetent Palaszczuk Labor government could introduce urgent legislation to amend royalty arrangements without having determined how the volume measurements for the royalty calculations will be made. Even though former treasurer Jackie Trad announced changes to royalty arrangements more than a year ago, Labor has failed to develop the underlying royalty measurement guidelines or even publicly release any economic modelling on the impact that the new royalty regime will have on industry and government revenue.

During the committee's consideration of the bill, the government could not provide any economic modelling of the impact the new royalty regime would have or any forecasted government revenue adjustments from the new regime. The only response that the government was able to provide is that revenue modelling will be undertaken in September for the fiscal update. That is all they could do. No update could be provided in this year's budget because we are the only state who will not have a budget this year. Premier Palaszczuk was the last premier to announce an economic stimulus package but was the first and only premier to declare there would be no budget this year. It is no wonder that under Premier Palaszczuk, prior to coronavirus, Queensland had the highest unemployment, the most bankruptcies and the lowest business confidence.

It has been almost nine months since the Palaszczuk Labor government's former treasurer Jackie Trad announced her intention to establish a Queensland Future Fund to try to pay off Labor's massive debt. The Future Fund announcement was made last year in a desperate attempt to provide a distraction to the soaring debt, lower growth and higher unemployment forecasts which were locked in by the 2019 Mid Year Fiscal and Economic Review. I think there was a billion dollar blowout in debt only six months after the previous budget. According to the former treasurer Jackie Trad's own figures in 2019, the new fund would take a staggering 2030 years to clear the Palaszczuk Labor government's massive debt. While ongoing Palaszczuk Labor government integrity scandals forced the appointment of a new Treasurer during an unprecedented economic crisis, Labor's abject failure to manage Queensland's economy has continued.

Premier Palaszczuk's third and latest Treasurer, Cameron Dick, has dusted off former treasurer Jackie Trad's dodgy Future Fund during the same press conference he announced Labor's skyrocketing $100 billion debt—a $17 billion blowout in seven months. At least at that press conference the Treasurer knew what the debt level was. Who can forget when the Treasurer announced Labor's saving measures during a train wreck press conference on 9 July 2020 when he did not know Queensland's debt level and he could not tell us how many public servants were on the payroll; what would be in the Future Fund or what size it would be; how much money Labor would be raiding from the Queensland public servants' superannuation scheme; and how much savings the now defunct Service Priority Review Office delivered last financial year.

His statement in parliament when he talked about the savings that they were intending to make over the forward estimates of $3 billion was an admission of failure by the Treasurer, saying how they had mismanaged funds over the last five years. He admitted that the growth rate of the Public Service had far exceeded the population rate, which broke one of their fiscal principles. He admitted that consultants were doing jobs that public servants should be doing. He admitted in his statement that there were too many executive level public servants. He admitted that the IT blowouts had meant we had to stop the IT programs. He admitted that too much money was spent on glossy magazines. He admitted that apparently social media was costing a lot of money as well. That was going to be a major contributor towards saving $3 billion. If it were not so serious, it would be laughable.

The revised asset allocation for the proposed fund was announced by Treasurer Cameron Dick to still have 'at least $5 billion in assets' comprising the Queensland government's title registry, which was stated to be worth at least $4 billion; Cross River Rail precincts, which were stated to be worth at least $160 million; and the defined benefit scheme surplus appropriation of $1 billion, down from Jackie Trad's original commitment of $5 billion.

Since being elected in 2015, Premier Annastacia Palaszczuk has demonstrated Labor's reckless economic principles to be higher taxes, wasteful government spending and the raiding of public servants' employment benefits. Over the last five years, the Palaszczuk government has taken $2 billion from Public Service superannuation, $2 billion from suspending employer contributions to Public Service superannuation and $3.4 billion from raiding the long service leave benefits of public servants. These public servant raids are in addition to the over $5 billion that was ripped out of government owned corporations.

Concerningly, during the public briefing on the bill, the State Actuary confirmed that Labor is forging ahead to raid another $1 billion from the Public Service defined benefit scheme even though the fund's surplus had halved in the past year. Premier Palaszczuk is recklessly pursuing a further $1 billion raid on the defined benefit scheme surplus before the State Actuary has undertaken updated future deficit probability modelling. Last year, before the meltdown in financial markets, the State Actuary found that there was a 53 per cent risk of the fund going into deficit under the former treasurer Jackie Trad's proposed raids. In just one year the fund's surplus measurement, the vested benefits index, has fallen from 121.7 per cent to just an estimated 108 per cent. Without updated deficit modelling, the Premier is gambling the superannuation entitlements of public servants away through a highly risky raid.

Worryingly for the many thousands of public servants in the state's defined benefit scheme, the State Actuary has also confirmed that reporting requirements of the fund's surplus will revert back to every three years, not every year. Isn't that funny! How often do we see them get rid of reporting performance measurements and accountability measures—I think the hospital performance is one of those—when they do not like what they tell them. This change in policy will end the annual reporting requirements that were introduced by the then under treasurer in 2016 after Premier Palaszczuk's first superannuation raid. Given the Palaszczuk Labor government's track record, public servants should rightly be concerned about the decreased transparency regarding the management of their hard-earned retirement savings.

In a direct contradiction to Treasurer Cameron Dick's stated value of the title registry being 'at least $4 billion' and the Cross River Rail precincts being 'at least $160 million', the Deputy Under Treasurer has revealed that due diligence has not been completed and the prescribed values were only estimates with no available detail on forecasted return.

Without due diligence the Treasurer's prescribed asset values could be overestimated and the resulting rate of return of the fund significantly lower. Recent sales of the New South Wales land title registry in 2017 raised $2.6 billion and Victoria raised $2.86 billion in 2018, both significantly less than the at least $4 billion value prescribed to the Queensland titles registry by the Treasurer, Cameron Dick.

According to the Department of Natural Resources, Mines and Energy Service Delivery Statement, in 2019-20 the service area, which included the title registry, generated $51.95 million in user charges and fees. Under the Future Fund model, the expected revenue raised by the registry would be quarantined within the fund, delivering an approximate 1.3 per cent return on the asset value prescribed by the Treasurer—a return that is less than half the government debt interest rate. That is 'Labornomics' once again. Labor's plan is to raid public servants' superannuation and invest it in a fund that does not even provide a return greater than the government's borrowing rate.

The most insightful submission made to the bill was from eminent Queensland economist and former federal Treasury fiscal group manager Mr Gene Tunny, who observed that it is 'unclear what the government's current medium-term fiscal strategy is.' I would add that their long-term and short-term fiscal strategy is very uncertain as well. This observation affirms Premier Palaszczuk's failure to provide the economic leadership that Queensland needs. For five years Premier Palaszczuk has abandoned her own fiscal principles, which have resulted in nearly $4 billion of new taxes, more than $100 billion in state debt, the most bankruptcies in the nation, and a record number of unemployed Queenslanders. There are now more than 200,000 unemployed Queenslanders. Queensland has the longest unemployment queue in our state's history.

Queensland is the only state that will not deliver a budget this year, which means the Palaszczuk Labor government has no plan for the state's economic recovery. No budget means that Labor is flying blind through the biggest economic crisis in almost a century. Labor's antibusiness agenda has seen private sector investment plunge from $207 billion under the LNP to just $128 billion in the last three years, a fall of 38 per cent. According to an ANZ bank and Property Council survey, the Palaszczuk Labor government is the worst state government for planning and managing growth. Under Labor Queensland lost its AAA credit rating in February 2009, meaning Queenslanders are still paying more for debt than New South Wales or Victoria.

Queensland has slipped to the bottom of Australia's economic ladder after just five years of Annastacia Palaszczuk and Labor. There is no doubt that another four years of Labor will turn our state into Australia's economic basket case. The LNP will not oppose either bill but, as I have outlined in my contribution, the process from which both bills have been developed clearly shows that Labor is not working. With a record 200,000 Queenslanders looking for work, the state election in October will be about who has the economic plan to get Queensland out of recession.

The LNP's vision is to make Queensland Australia's economic powerhouse once again—the best place to get a job and to get ahead. The LNP has an ambitious plan to stimulate the economy, create a decade of secure jobs and drag Queensland out of recession. I urge the Palaszczuk Labor government to support the amendments I have tabled to this cognate bill because Queensland is in desperate need of more investment and more jobs. The LNP's amendments to this bill show that we are the only party that has a plan to create a strong economy and more secure jobs.

Our plan for a stronger economy and secure jobs is based on our four foundations: investing for growth, supercharging the regions, unleashing Queensland's industry and securing our children's future. Let's get Queensland working again!