




Speech By
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QUEENSLAND FUTURE FUND BILL

ROYALTY LEGISLATION AMENDMENT BILL

 **Mr WATTS** (Toowoomba North—LNP) (3.42 pm): I rise to contribute to the cognate debate on the Queensland Future Fund Bill and the Royalty Legislation Amendment Bill in terms of resources. As a member of the committee it has been interesting to go through the process and listen to the evidence that was presented on both of these bills, but let me start with the Future Fund. This is a bandaid over a massive gash in the Queensland economy. We have massive debt bearing down on us because of waste and poor administration by the Labor government over repeated years. To try and cover this gash a box of bandaids has been pulled out, and what do we see? We see that every hollow log has been raided.

Over a number of years the very well funded facility that existed to ensure that our public servants had their superannuation covered has been repeatedly raided by this government. Some \$2 billion was taken out—that is, \$2 billion from suspending employer contributions. Imagine running a business where you can say, 'Things are a little bit tough. We're a little bit overgeared. I just won't pay anything into the super for a bit.' There is not another employer in the state that can turn off its super contributions, but this Labor government did it and it masks it by suggesting that this will be covered in the future and that it can guarantee it. That is true: that is guaranteed by my children and it is guaranteed by their children and the taxes they will pay if this money is squandered and wasted by the Labor government as we have seen repeatedly as it tries to manage this state.

Let us look at how this government is managing the state. What do we see? There is this gaping wound in the budget and so we have a truncated process where this bill is rushed in because all of a sudden the government thinks, 'Crikey! There's an election coming. We've cut some sitting weeks. There's not a lot of debate time. Let's crunch this through. Let's rush everybody to try and assess this bill and not give true public debate and scrutiny because we wouldn't want anybody to look at the game we're actually playing with their money'—the taxpayers of Queensland's money and the future of the Public Service and the administration of the Queensland budget.

The long service leave benefit has been raided to the tune of \$3.4 million. These are outrageous raids on the Public Service. These were and should be the Future Fund. They are there to ensure that the people who have worked hard guiding this state without fear or favour are paid. The way it has been operated has been prudent, but this government has raided it so that it can get a little box of bandaids to try and cover over the gaping wound of waste that it has incurred.

As we look at this Future Fund and what is being proposed for it, this is really just shuffling things around. This is all about trying to protect the credit rating and trying to make sure there is a story to tell going into an election when in actual fact the story is that the taxpayers of Queensland's money has been wasted by this government. It has been incompetently managed—no better than the process of this bill, no better than the rushed process of the committee hearings and no better than we see in this

parliament today where members will be guillotined on a debate on one of the most important things we need to do, and that is manage the people of Queensland's money effectively to deliver them the best government that we can. The LNP has some great plans for managing the finances going forward.

I now turn to the bill in relation to royalties. One of the things that the LNP has given and one of the things that business is desperately looking for is stability. We know that in the last budget, without announcement but a bit of a rushed process, all of a sudden people who had invested billions of dollars found themselves with a 25 per cent increase which sent a shudder through the industry. Those people who had been trying to make long-term financial decisions had a shudder go down their spines as they were trying to explain to international boards that they thought Queensland and Australia were not a sovereign risk and that government would consult on this kind of change, not have a government that, with a quick snap of the fingers, would say, 'There's a bit of a hole in the budget. We've been wasting a bit of money, squandering it around the place, spraying it everywhere, inefficiently managing it renaming hospitals with overspends and various other things and all of a sudden we need a bandaid. Quick, let's grab the gas industry.' The gas industry sits on the wrong side of the cost curve internationally, so it is already struggling.

If we look at what Professor Andrew Garnett from the University of Queensland said in his submission, he basically stated that the implementation of this legislation should be delayed because prices internationally are uncertain and this will cause great pain in the industry. In addition to that, it makes the job of the small and marginal players and the explorers that are out there looking for new gas opportunities harder.

The simple facts are that they will start paying royalties before they get to a break-even point. They will probably pay royalties on transportation costs. What does that mean going forward? That means that potentially opportunities that exist in Queensland will not be opened up because someone cannot finance the cash flow. In terms of putting a royalty on up-front, not allowing tax deductibility of transport costs and changing this model, this model does not exist anywhere in the world. This model is an unusual model that will make an industry that was already on the wrong side of the cost curve go even further over. This also reduces the exploratory nature of the industry and the smaller marginal fields, all of which are royalties that could benefit Queensland but which will no longer be discovered and established.

Delaying this and looking at what is world's best practice would have been a good solution. This model is clearly not world's best practice. We know that the shifting of the goal posts by this government on the resource industry is causing us to slip down the rankings internationally to the point where, as stated by Ian Macfarlane, there are African nations that are seen as less of a sovereign risk than Queensland. We should be the jewel in the crown when it comes to sovereign risk and we are not. Western Australia is. Why are we not looking at the Western Australia model? We might be able to learn something. Instead we are blindly forging ahead, destroying opportunities that would exist into the future to contribute royalties to our budget, which we will desperately need, and causing companies to not invest in Queensland. which will have a long-term effect.

We have seen the moving of the goal posts before in relation to Adani. The goal posts were shifted all over the place right up until the Labor Party got an absolute flogging in a federal election and then all of a sudden, hey presto, off we go. Up in my patch we have the New Acland mine. There is this furphy about legislation. There is nothing stopping the government giving the approvals and protecting those jobs in my community right now except for the fact that this government's lawfare and allowance of these protests has created a situation of sovereign risk where people are nervous about investing in resources. This bill continues down that path of creating that nervousness.

When big and small companies are looking at opportunities, Queensland is less attractive and less competitive than it was. We should be looking at world's best practice. I can assure members that the process that New Hope and the Acland mine have had to go through is a long way from best practice in the world. It is soul destroying for the communities on the Downs. This government should be ashamed of how it has treated royalties: coming in just before a budget and saying we need a quick fix, let us take an extra 25, let us not tell anybody, let's hope nobody notices. These are billion dollar companies. I ask the minister to withdraw this legislation because it is terrible legislation.