

Briefing Note for Finance and Administration Committee

Inquiry into the Appropriation Bill (No. 2) 2016

Queensland Treasury

Issues

- Appropriation Bill (No. 2) 2016 seeks approval for supplementary appropriation for unforeseen expenditure for 2015-16 of \$390.126 million incurred by eight departments.
- Unforeseen expenditure is the term used to describe payments from the consolidated fund above the amount approved by annual appropriation on an individual department basis. Although called 'expenditure' it can also relate to the additional repayment of debt.
- The unforeseen expenditure incurred by the eight departments was primarily in relation to Queensland Treasury and the repayment of debt under the enhanced Government's Debt Action Plan (\$296.985 million).
- The \$296.985 million additional debt repayment was primarily facilitated by the early payment of dividends by Government owned corporations (i.e. a timing issue that was not envisaged at the time of the 2015-16 Budget). Given the cash was receipted into the consolidated fund, the additional appropriation to Queensland Treasury is merely the administrative mechanism for withdrawing from the consolidated fund to enable the repayment of borrowings.
- The remaining unforeseen expenditure incurred by departments includes:
 - \$40.476 million for the Department of Communities, Child Safety and Disability Services which primarily relates to finalisation of the cross-billing arrangements with the Australian Government under the National Partnership Agreement on Transition Responsibilities for Aged Care and Disability Services and costs associated with enterprise bargaining agreement outcomes;
 - \$39.509 million for the Department of Energy and Water Supply which primarily relates to the Ergon Energy Community Service Obligation under the Uniform Tariff Policy;
 - \$8.895 million for the Public Safety Business Agency which primarily relates to the work undertaken on behalf of the Queensland Police Service, the flood focussed road safety campaign, enterprise bargaining agreement outcomes and Queensland Government Air rotary wing aircraft maintenance;
 - \$4.121 million for the Electoral Commission Queensland which mainly relates to the 2016 referendum on four year fixed Parliamentary terms;
 - The remaining balance of \$0.14 million was incurred by the following three departments: Office of the Governor, Office of the Inspector-General of Emergency Management and Queensland Audit Office.

Background

- Preparation and introduction of supplementary Appropriation Bills as soon as possible after the end of the financial year to which they relate (rather than combining supplementary appropriation with the following year's annual Appropriation Bills) provides for additional accountability and transparency.
- Consistent with the practice in recent years, the supplementary Appropriation Bill was introduced into Parliament on the same day the Consolidated Fund Financial Report (CFFR) was tabled, as the CFFR includes explanations for the unforeseen expenditure. Parliament's examination of the Bill and the CFFR together enables enhanced scrutiny of unforeseen expenditure.
- The incurrence of unforeseen expenditure and the preparation of a supplementary Appropriation Bill is standard practice each year. The amount of unforeseen expenditure in 2015-16 represents 0.74% of total budgeted appropriation (as per the published budget), which is consistent with the unforeseen expenditure incurred over the previous three financial years.