FINANCE AND ADMINISTRATION COMMITTEE

Members present:
Mr SW Davies MP (Chair)
Mrs EA Cunningham MP
Dr B Flegg MP
Mr R Gulley MP
Mrs FK Ostapovitch MP
Mr CW Pitt MP

Staff present:
Ms D Jeffrey (Research Director)
Dr M Lilith (Principal Research Officer)
Ms L Whelan (Executive Assistant)

PUBLIC BRIEFING—INQUIRY INTO APPROPRIATION BILL (NO. 2) 2013

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 16 OCTOBER 2013

Brisbane

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Committee met at 9.30 am

BARRON, Ms Patricia, Assistant Treasury Analyst, Fiscal and Financial Management Branch, Queensland Treasury and Trade

BEAVERS, Mr Alex, Deputy Under Treasurer, Queensland Treasury and Trade

MOLLOY, Mr Dennis, Assistant Under Treasurer, Fiscal and Macroeconomics, Queensland Treasury and Trade

CHAIR: Good morning, ladies and gentlemen. I declare the public departmental briefing of the Finance and Administration Committee's inquiry into the Appropriation Bill (No. 2) 2013 open. I am Steve Davies, the chair of the committee and member for Capalaba. The other members of the committee are Mr Curtis Pitt MP, deputy chair and member for Mulgrave; Mrs Liz Cunningham MP, member for Gladstone; Dr Bruce Flegg MP, member for Moggill; Mrs Freya Ostapovitch MP, member for Stretton; and Mr Reg Gulley MP, member for Murrumba.

The purpose of this hearing is to receive information from the department about the bill, which was referred to the committee on 12 September 2013. This hearing is a formal proceeding of the parliament and is subject to the Legislative Assembly's standing rules and orders. The committee will not require evidence to be given under oath, but I remind you that intentionally misleading the committee is a serious offence. Thank you for your attendance today. The committee appreciates your assistance. You have previously been provided with a copy of the instructions for witnesses so we will take those as read. Hansard will be recording the proceedings and you will be provided with a transcript. I remind all those in attendance at the hearing today that these proceedings are similar to parliament to the extent that the public cannot participate in the proceedings. In this regard, I remind members of the public that under the standing orders the public may be admitted to or excluded from the hearing at the discretion of the committee.

I remind committee members that officers are here to provide factual or technical information. They are not here to give opinions about the merits or otherwise of the policy behind the bill or alternative approaches. Any questions about the government or opposition policy that the bill seeks to implement should be directed to the responsible minister or shadow minister or left to debate on the floor of the House. I remind you that mobile phones should be turned off or switched to silent mode, and I remind you that no calls are to be taken inside the hearing room. I invite the officers to make a brief opening statement.

Mr Beavers: Thank you, Mr Chairman. With your permission, I might pass ask my colleague Mr Dennis Molloy to make the opening statement on our behalf.

Mr Molloy: I have a relatively short opening statement because I assumed it would largely be a matter of questions this morning. Thank you for the opportunity to be here today to discuss Appropriation Bill (No. 2) 2013, which provides for supplementary appropriation for unforeseen expenditure. Unforeseen expenditure is expenditure from the consolidated fund above the amount approved via appropriation bills which are introduced annually with the budget. Under the Financial Accountability Act 2009, unforeseen expenditure may be authorised by the Governor in Council on the recommendation of the Treasurer and must also be formally appropriated by parliament as supplementary appropriation.

Since the 2009-10 budget, supplementary appropriation for unforeseen expenditure has been combined with the annual appropriation bills. For example, supplementary appropriation for 2007-08 was included in the annual appropriation bills for the 2009-10 budget. The Commission of Audit's final report noted that this process results in an extended delay between when unforeseen expenditure is incurred and when it is approved by parliament, detracting in their view from proper transparency and accountability. In order to reduce the delay between when unforeseen expenditure is incurred and when it is approved by parliament, approval for supplementary appropriation is now being sought as soon as possible after the end of the financial year. This change in timing also allows the introduction of the bill for supplementary appropriation to be aligned with the tabling of the *Consolidated fund financial report*, which includes explanations that support parliament's consideration and debate of the bill.

To this end, on 12 September 2013 the Treasurer tabled the *Consolidated fund financial report 2012-13* and introduced Appropriation Bill (No. 2) 2013 to parliament. Appropriation Bill (No. 2) 2013 provides for supplementary appropriation for unforeseen expenditure that occurred in the 2012-13 financial year based on the *Consolidated fund financial report 2012-13*. The only supplementary appropriation required for 2012-13 relates to Treasury's whole-of-government financial management role, with unforeseen expenditure of $63.445 million required under Treasury's administered items heading. That is my opening statement.

CHAIR: Mr Beavers or Ms Barron, do you have any further statements?

Mr Beavers: No, Mr Chair.

CHAIR: Thank you for your opening statement. Could you please outline for the committee why there was a need for supplementary appropriation subsequent to the Appropriation Bill in July this year?

Mr Molloy: Just to clarify, when you talk about the 'need', are you talking about why there was a need for Treasury to seek the $63.445 million?

CHAIR: Yes.

Mr Molloy: The unforeseen expenditure requirement for 2012-13 was partly due to higher superannuation beneficiary payments. After the event or after the year you need to ensure that superannuation beneficiary payments which are initially estimated on an actuarial basis line up with the actual payments that were required in the year, given the number of people who have left the super scheme. Estimates for defined benefit superannuation beneficiary payments are based on demographic and financial assumptions and scheme experience. As is appropriate for those actuarial assumptions, they tend to be long-term assumptions and they are the ones that get used when you are initially doing the appropriations or working out what the appropriations are.

Due to the uncertainty of cash flow impacts which occur from time to time where it ends up that the actual does not equal the actuarial estimate, there is a need to make an adjustment at the end of the year to account for the actual payments that are required under those super schemes. Investments are held to meet defined superannuation liabilities. What happens is the funding is set aside but it then has to be drawn down and appropriated. It is not as though the funding is not there, but you need to draw that funding down to appropriate that to make the payment to the people concerned.

Mr PITT: Good morning. My questions will mostly be directed to Mr Molloy. I think this is largely his bailiwick, as I understand it. You stated that the *Consolidated fund financial report* details all unforeseen expenditure incurred for the previous financial year. In the 2012-13 *Consolidated fund financial report* it details the departments of agriculture, fisheries and forestry, communities, child safety and disability services, education training and employment, the Legislative Assembly and Parliamentary Service, the office of the Governor, the DPC, the Queensland Audit Office and the Queensland Police Service. For these departments it says that there were lapses in departmental services reflecting delays in poor enterprise bargaining arrangements. My question is: what is the total for lapsed services across departments from delays in EB negotiations?

Mr Molloy: We do not have that figure to hand.

Mr PITT: I am happy if you want to take that on notice.

Mr Beavers: I think we would, Mr Pitt.

Mr PITT: That is what I expected would be your reply.

Mr Beavers: We would have to estimate and come back to you.

Mr PITT: Is it possible to have that back for when we prepare our report on Friday?

Mr Beavers: Yes, I think so.

Mr Molloy: We will certainly work towards that.

Mr Beavers: I would say upfront it would be what we would regard as an estimate rather than an actual simply because of the way we will have to go back and do it.

Mr PITT: That is all right. As long as Treasury can provide something back to us in that space, that would be really good. In the same vein, and it may be something you wish to take on notice, is Treasury able to provide the committee a table by department of all the significant lapses in departmental services, lapses in equity adjustments and lapses in administered items split separately by dollar amounts and explanation for the 2012-13 financial year? I would be very keen to see that as well if that is possible.

Mr Molloy: So you are obviously talking beyond what is in the CFFR at that aggregate level?

Mr PITT: Yes, if that is something that can be looked at. I understand there will be some work involved in that, but I think it would help in terms of the overall view of the impact of this bill going forward.

Mr Molloy: There is a significant level of detail that lies behind those aggregated figures. There is always an issue as to what extent you identify that separately. There always has to be a level of aggregation and there is always some judgement involved.

Mr PITT: I guess for what is possible in the time frame we would like to see a breakdown provided. I understand that there has to be a certain amount of aggregation. I accept that, but whatever is possible would be appreciated.

Mr Beavers: We will go back and see what can be done but we might have to seek the advice of the government.

Mr PITT: Sure. I appreciate that.

Mrs CUNNINGHAM: I have listened to your general breakdown on the supplementary payment of $63.445 million. Are there procedures in place—the member for Mulgrave has talked about some very specific breakdowns—to limit unforeseen expenditure within each department?

Mr Beavers: I am happy to answer that. Basically departments are given an annual appropriation at the start of the year, as you know. The normal approach, at least for policy based matters, to get additional appropriation funding would be to go to a Cabinet Budget Review Committee to ask for that funding. In the case of something like the superannuation payments that is I guess what we would regard as a technical variation to the extent that government has an existing obligation to its employees to pay out their superannuation when they leave. In the course of considering that issue, that would be one that Treasury looks at and, in effect, can approve additional technical appropriation for. But in the context of appropriation as well it should also be remembered that there are ups and downs. As the member for Mulgrave said, there are both lapses and requests for additional funding. So we look at those in totality. I guess this government's view is that it thinks there has been too much unforeseen expenditure approved in the past and it was keen to get it down this year. The requests we have for unforeseen expenditure in 2012-13 were below previous years. There is no doubt about it. There is a process in government to seek approval, and it really depends on how departments are travelling and what the government's view is about giving additional funding for particular issues.

Mrs CUNNINGHAM: Again, I acknowledge that Mr Molloy gave a general breakdown, particularly about the higher super beneficiaries payments, but how much of that could be attributed to the flooding and the other disaster events? Is any of that additional payment because of those—

Mr Beavers: Not in relation to Treasury. Treasury is the only department that needed unforeseen expenditure this year. As the government's financial manager, it manages two significant whole-of-government schemes. As Dennis said, there is the superannuation scheme. We hold the 12.75 per cent that the government contributes and we invest it in Treasury. The five per cent that the employees contribute goes to the QSuper trust fund. When an employee leaves, we transfer the government's contribution to the QSuper trust fund so that it can be paid out to members and that $63 million primarily relates to that, along with a long service leave central scheme that we operate. We do not actually ask departments to manage the liability associated with long service leave, but instead they come to Treasury when they need to pay out long service leave on a cash basis. So both those issues are related to issues such as employee turnover rather than the floods per se.

Mr GULLEY: I have a question for Alex. You mentioned that the government holds the 12.75 per cent for employers whereas the five per cent employee contributions are held by QSuper. Can you explain why they are parsed out? I was under the assumption that it was always held by QSuper.

Mr Beavers: There are two schemes. One is the accumulation scheme and the other is the defined benefit scheme, which is now closed. For the accumulation scheme all the moneys go over to QSuper, the 12.75 and the five per cent.

Mr GULLEY: So it is just a legacy?

Mr Beavers: Yes, for the defined benefits scheme where the government said Queensland was at the forefront of fully funding its superannuation scheme. The mechanism by which we did that was to hold the money in Treasury and invest it directly with QIC. That has been an ongoing approach from both sides of government for a very long time. There are administrative reasons but there are also tax and other reasons.

Mr GULLEY: So you explained the actuarial experience, arriving at the $63 million. Are there any other unfunded liabilities? You mentioned that the Queensland government is at the forefront of funding super. Are there any other unfunded liabilities that the government holds?

Mr Beavers: Not in relation to employee schemes. I can certainly say that. In terms of having funding set aside for both superannuation and long service leave, we would be pretty unique. That is a pretty silly thing to say—'unique'. Other states have aspirations of getting to that position in a couple of decades. Obviously as a state we have unfunded liabilities—for example, as the committee would be aware, there are things like abandoned mines for which we have long-term legacy issues. There is a whole host of unfunded liabilities that we would have but certainly not in relation to employee entitlements.

Mr GULLEY: There are no unfunded financial commitments. There are only unfunded physical ones, for example, mines.

Mr Beavers: What I would call contingent liabilities.

CHAIR: My question follows on from Liz's question. The committee notes that the Treasury tabled the unforeseen expenditure by year from 1999-2000 to 2012-13 when he introduced the bill on 12 September. There are some differences in the amounts provided in the related bills from the previous five years. Can you please explain the difference? Obviously for 2010-11 there was a huge amount due to some flood issues.

Mr Molloy: Just to clarify the question, it is the table—

Mrs OSTAPOVITCH: It is the historical comparison.

Mr Molloy: It is the table which goes back and lists unforeseen expenditure by year.

CHAIR: If you look at the table, the amounts in the Appropriation Bill were different.

Mr Molloy: Can you bring that material over?

Mr Beavers: Is there any way that we can see that?

Mr Molloy: We just want to make sure we are talking about the same thing.

Mr PITT: While that is happening, can I ask a related question? In the Treasurer's second reading speech he mentioned the reason for the bill was his disdain with the unforeseen expenditure of $8 billion, particularly in 2010-11. I note that $2.03 billion of this unforeseen expenditure was to the DPC. Page 15 of the 2010-11 *Consolidated fund financial report* outlines this was largely due to Commonwealth payments for disaster recovery and the Queensland Reconstruction Authority being established. Can you confirm that that is correct?

Mr Molloy: Mr Pitt, what year are you referring to?

Mr PITT: 2010-11, Mr Molloy. I am not sure whether you have a copy of the *Consolidated fund financial report 2010-11*, but I have a copy here if that is of any assistance.

Mr Molloy: I do not, but I am aware of the figure.

Mr Beavers: The figure is about $2 billion and that did relate to the establishment of the Queensland Reconstruction Authority.

Mr PITT: And Commonwealth payments for disaster recovery as well, I think.

Mr Beavers: That is an interesting point. Correct me if I am wrong, Dennis, but there was a change in the way the Commonwealth did things a few years ago. At one stage they appropriated money directly to departments and the departments received that money as own-source revenue. Several years ago they did make the change that required those payments to be made to Treasury and then Treasury would pass that money on to departments and have to appropriate it. So there have been changes in methodology by the Commonwealth over the years that does influence some of these things as well.

Mr PITT: That is good to know.

Mr Molloy: There are a number of factors that impact on unforeseen expenditure that can change from time to time.

Mr PITT: Hence unforeseen.

Mr Molloy: But one of those things that impacts is also your ability to control expenditure.

Mrs CUNNINGHAM: Can I ask a question in relation to that comment? You said previously the Commonwealth appropriated money directly to the departments. Now it is appropriated to Treasury, and it is Treasury that passes the funding on to the departments. What is the benefit or disbenefit of both of those processes?

Mr Beavers: For the Commonwealth government at the time I think it was about their new system of federal financial reform. I think it might have been about 2008-09 where they said they wanted to rationalise the number of payments made to the states across a whole lot of areas. Over time the tide has obviously reversed and I think we have as many now as when they started that rationalisation process because these things are cyclical. As part of that, the Commonwealth used to give money directly to departments. So the Commonwealth Department of Education would give money to the Queensland department of education and that money would not come through the Queensland appropriation system; it would be treated as what we call own-source revenue by the departments. But as part of rationalising the payments, and I guess at the Commonwealth bureaucracy level the departments of Treasury and finance taking tighter control, they wanted to have a direct relationship with the treasuries in each jurisdiction which necessitated us in Treasury to receipt that money into the consolidated fund and then appropriate it out to departments.

Mrs CUNNINGHAM: Do the departments lose any money in that process?

Mr Beavers: No, not at all.

CHAIR: On that question of mine, if that needs to be taken on notice between—

Mr Molloy: I notice in the overall scheme of things there are some—

CHAIR: They are not big.

Mr Molloy:—fairly minor differences. Given that we are talking about very significant amounts, the differences are pretty small. We will have to have a look at that. We cannot give an answer immediately.

CHAIR: That is fine.

Dr FLEGG: When you were talking about superannuation, did I understand you correctly in that we have the now closed defined benefit scheme and obviously parameters change—the actuarial returns might change or whatever. When there is a change in the liability, you are bringing that to account each year based on the actuarial figures?

Mr Beavers: Yes. That change in the actual liability will be detailed in our *Report on state finances*, which is due to be tabled over the coming months.

Dr FLEGG: It could go either way. It could be an expense or it could be a gain?

Mr Beavers: Absolutely. That is where we pick up the annual actuarial adjustment that looks at things like wage increases, inflation, the number of public servants in the scheme versus the estimates and so forth.

Dr FLEGG: In the scheme of things—I have been here for a while, though not as long as Liz—we have been used to seeing these additional areas of expenditure being in the billions of dollars. This looks to be almost a tectonic shift to a much lower level. Have I read that correctly?

Mr Molloy: If you go back and have a look at history, it is a very small amount. It is a small amount if you were to put it into perspective by having a look at the total amount of appropriation as well, just to provide a historical context.

Dr FLEGG: For 2010-11 that would have been when the outlays were occurring in relation to water grid projects which presumably would be the largest item there?

Mr Molloy: On the spending side that is right, but what we are talking about in terms of supplementary appropriation is where initially there are amounts which were not appropriated. I do not think the water grid in 2010-11 was necessarily one of the key factors that was driving that because, again, it is all about how is there a difference between what was initially allowed in the appropriation.

CHAIR: As a supplementary to that, that 2010-11 figure was the floods, was it?

Mr Beavers: It is two issues. One is the floods but at the same time, and this is where it gets quite complex, in association with the sale of Queensland Rail we used some of the proceeds to pay off some whole-of-government debt. So we received those proceeds into the consolidated fund from QR, but because we wanted to pay down some debt the only way for us to do that was to give some money to the treasury department. The treasury department does not represent the consolidated fund. The consolidated fund sits here, but if Treasury has loans that it administers on behalf of government we still have to get the money to Treasury to pay off those loans. A part of that was related to the sale of QR and how we then moved to extinguish some of the debt associated with that.

Mr PITT: Would it include the Port of Brisbane as well?

Mr Molloy: Yes.

Mrs OSTAPOVITCH: This is in regard to FLPs. The committee notes that the explanatory notes are very scant on detail. Whilst the committee accepts that this is probably due to the narrow scope of the bill, could you please explain why the requirements of the Legislative Standards Act have not been complied with? I have a few supplementary questions.

Mr Molloy: Sorry, in what way do you believe that?

Mrs OSTAPOVITCH: I will ask you three other questions that you might want to answer as you are answering that one. The way the policy objectives will be achieved and why this way is reasonable and appropriate; whether there were any alternative ways of achieving the policy objectives and, if so, why these alternatives were not adopted; and whether there are any administrative costs to government in implementing the bill.

Mr Molloy: I will just write those down: admin costs, alternatives and—

Mrs OSTAPOVITCH: And the way the policy objectives will be achieved. Why is this a reasonable and appropriate way?

Mr Molloy: To look at the alternatives, we are talking about what most improves transparency in terms of parliament approving supplementary appropriation. The two key alternatives are what has been happening over the last few years where it happens with a significant delay or, alternatively, what is proposed here is that it happens with a short delay. They are the alternatives. The real issue and the substance is what increases transparency the most. Is it a longer delay or a shorter delay? I think in some ways it is as simple as that. The government formed a policy judgement that clearly having a supplementary appropriation coming in shortly after the end of the financial year was making things more transparent. That is the basis of the judgement. They are the alternatives and the policy objectives.

In terms of the administration costs, to the extent they are there they are really falling on Treasury. We consider that to do this at the same time as we are doing the CFFR in parallel is a very efficient process. We do not think there is any particular administration costs we are observing through that.

Mr Beavers: If I could add to that, I think part of the context is obviously the way we go about doing unforeseen expenditure and the treatment of appropriations generally as set out in the FA Act. It is probably in the context of the FA Act. That is I guess one of the more appropriate places for debate about whether this is the right way to do appropriations and record unforeseen expenditure and so forth. Certainly the Commission of Audit made a recommendation about Queensland's appropriation system and the need to review it to see whether it is contemporary and whether we need to make changes to help with usability and so forth. That is a project that Treasury will be undertaking. Secondly, I think in terms of the information that was provided in the unforeseen expenditure bill, that is why we have been so keen this year to table the *Consolidated fund financial report* which provides a lot of the contextual information associated with the bill. That is why we think it was a significant advance for us to table this document in conjunction with the bill this year because it provides a lot of the information that is really necessary to understand the context of that bill.

CHAIR: The issue that we were just talking about is a technical requirement of the legislation that the explanatory notes have more detail in them. While you provided it with the other document, the explanatory notes do not comply with the act.

Mr PITT: Is it a suggestion that an erratum to the explanatory notes might be necessary?

CHAIR: Yes, I think something like that. It is a technical issue but it is what is required under the legislation.

Mr Beavers: I would have to take advice from the Treasurer about whether we are prepared to issue an erratum on that basis. As I said, it is the view of the government that we have come a long way to advancing this process this year. There is a lot of information in the *Consolidated fund financial report*. I appreciate the issue about the explanatory notes, but it is probably not something that I could commit to.

Mr PITT: The committee has to raise it because of the FLP issue.

Mr Beavers: I understand.

Mr PITT: As long as that is noted and a response is provided, I think that is probably fine.

Mr Beavers: Thank you.

Mr PITT: Going back to the questions I asked earlier and taking them on notice, I just want to clarify: I am happy if you wish to only include significant or large dollar amounts, acknowledging the importance and difficulty of that task and the detail that may be required. I just wanted to clarify that, if that is of any assistance in meeting the deadline for Friday. Can Treasury advise what the value of the offset to total unforeseen expenditure was of the transfer of Queensland Future Growth Fund payments and the surplus cash from the previous year?

Mr Molloy: I do not think we have that figure at hand but we can come back with that.

Mr PITT: I am more than happy for you to do that. I have one other thing that I have wanted to get off my chest. There has been a suggestion that the previous government acted unreasonably in proceeding with unforeseen expenditure in 2010-11. I am not asking you to comment on that; I am just making that statement. Is it reasonable that a government could have foreseen the largest year of natural disasters and have factored in the sale of assets not yet received? In terms of the reasonableness—

CHAIR: Is that a comment?

Mr PITT: It is not asking for an opinion per se. I am asking whether something is reasonable.

CHAIR: That is an opinion, isn't it? I understand what you are trying to do—

Mr PITT: The witnesses can answer it if they wish or if they do not wish, but I am asking the question.

CHAIR: I will leave it to you as to whether you feel that is appropriate to answer.

Mr Beavers: I think it is difficult for us to answer in that context.

Mr PITT: I appreciate and respect that.

CHAIR: I refer to page 12 of the *Consolidated fund financial report* and the 'realignment of funding for project delivery under the National Partnership Agreements on Natural Disaster Resilience and Coal Seam Gas and Large Coal Mining Development'. I am trying to work out what that realignment of funding is.

Mr Beavers: Which one is this in relation to?

CHAIR: On page 12 of the *Consolidated fund financial report*, what is meant by 'realignment of funding'?

Mr Beavers: There is various terminology for this. We could have used the term 'cash flow timing' or—

CHAIR: I will give you the context. The report states—

Department of Community Safety—Lapses in departmental services were mainly due to the utilisation of existing cash balances in 2012-13, the realignment of funding for project delivery under the National Partnership Agreements on Natural Disaster Resilience and Coal Seam Gas ...

And it goes on.

Mr Beavers: This is Community Safety?

CHAIR: Yes.

Mr Beavers: If a department for either the actual payment of the cash or the timing of the delivery of the project needs to realign, effectively the cash flows across accounting periods. Some of the expenditure that was originally thought to take place in 2012-13 might not take place until 2013-14. I have seen it described before as cash flow timing, deferral or realignment.

CHAIR: So they actually get the funding but it is deferred until a later date; is that correct?

Mr Beavers: That is correct. It is basically the realignment in a cash flow sense of the needs of that project across multiple periods. This is all about the funding that is required in a particular year.

CHAIR: The need is there but they cannot deliver what they are trying to deliver. They can hold that off until the following year.

Mr Beavers: If Treasury and the government approve that, yes.

CHAIR: And that is offset against the previous year?

Mr Beavers: That will then become appropriation next year. If they have not been able to deliver for some very good reason, it would be a lapse in 2012-13 and additional appropriation in 2013-14 if we find out about that after the timing which the original appropriation bill for 2013-14 is given to parliament.

Mr GULLEY: I would like to continue on the contingent liability line of thought. Has any science or work been done by Treasury to quantify any of the contingent liabilities that the state government may hold? I understand there are probabilities and timing issues around contingent liabilities. About $1 billion, $10 billion or $100 billion?

Mr Molloy: What you are talking about is outside the scope of the appropriation that we are talking about here today.

Mr GULLEY: Okay.

Mr Molloy: But I can say that we and the QAO are always looking at those issues.

Mr PITT: It was touched on before. The Commission of Audit report considered the current appropriation framework to be complex and confusing. The report further stated that the parliament is unable to exercise effective control of the overall level of expenditure by departments. This is because departments have discretion to vary expenditure according to their collection of controlled revenue which is deemed appropriation and therefore not subject to the discretionary approval of parliament. Can Treasury please comment on this and advise whether any steps are being taken to rectify this situation?

Mr Beavers: I alluded to it before in my answer about the Commission of Audit. In terms of what appropriation is under our system—and I should say that the system that applies in many other states in the Commonwealth is fairly similar—it is about the relationship between bank accounts: the consolidated fund bank account and departmental bank accounts. Apart from the moneys that you receive from the consolidated fund, sometimes the departments still do get some money from the Commonwealth. Not all the money comes through Treasury, in relation to that issue I was discussing with Mrs Cunningham before. Plus they have their own-source revenues, things like user charges and fees for service and so forth. So the appropriation amount only relates to the amount of state government funding transferred between the consolidated fund bank account and the department. It does not act in a legal sense as an expenditure limit in totality beyond the framework that the government puts in place internally to deny the department additional funding as to consider those requests as they arise.

The policy issue about the future of appropriations going forward is whether we should redesign the system to make it effectively a total expenditure limit so that parliament is approving the total amount of expenditure rather than the transfer of money effectively from one bank account to another. That is an issue that we think is legitimate to look at. We are looking at what other states do. Clearly, if we do change the system and we do think it needs to be updated, it will have fairly significant systems issues for us because all our IT systems and the system that we use in Treasury, Tridata, have been designed around the current system of appropriation. So it is a reform that the government wants us to look at, and we certainly will be doing that. We need to have a look at it in the context of how do we make this information more user friendly for the parliament and more relevant to the public. That is a project that Treasury will undertake but we have to do that in the context of also considering the future of our IT systems.

Mrs CUNNINGHAM: I have a follow-up question. Like probably half the community—and I think I am being optimistic—my eyes glaze over when you go into a lot of financial detail. However, earlier you raised the issue, rightly, about the different approaches to this ancillary appropriation; that previous years there has been a longer delay in reporting supplementary appropriation. This approach is to do it closer to the end of the financial year. I would have to concur with you that that must, by its nature, improve accountability and transparency because of proximity and connectivity to the issues.

Moving on to the member for Mulgrave's question, over the years I have noticed a huge change—and this does not strictly relate to your department—in the way even budget documents are prepared for parliament, let alone the community, in that there used to be a more detailed breakdown of budget documents and a better understanding of expenditure not just in statistical divisions but almost in electorates. Where you are looking at changing the structure of appropriations in your last comment, I would ask for your consideration and comment in ensuring that by making the finances more accessible for parliamentarians to understand and comment on that the globalisation of funding allocations makes it more difficult to understand, not easier.

Mr Beavers: I think I can comment on that. It is always a difficult balance for us trying to give the parliament and the public the right amount of information about the budget. Sometimes budgets can be overdocumented and sometimes they can be underdocumented. Trying to work out who the ultimate audience is is always channelling for us, too. I have no doubt that in part the way the language is written is either for history's sake or for other treasury departments—

Mr PITT: Or for other purposes. A budget presentation can be used for a range of purposes.

Mr Beavers: I would say a common piece of feedback that we get and other states get as well is that sometimes over the last decade to a decade and a half we lost what I would regard as program information. We allocate money on a global basis. States and the Commonwealth went to a process where they said, 'We are now purchasers of outputs.' We do not need to know about things at a program and input level. I think part of the cycle of all this has been that maybe people do really want to know about what departments spend their money on at a program level.

Mrs CUNNINGHAM: I think that is entirely the issue.

Mr Beavers: That is something we will certainly need to have a conversation with the government about, but it obviously has implications in terms of how we design our systems, reporting and so forth. But that is a comment about program management and program level information that I have heard from a number of areas. As I said, I think it was part of what the states and the Commonwealth lost in moving to the concept of outcome type budgeting many years ago.

CHAIR: The time for the public departmental briefing has expired. If the members require any further information, we will contact you. I would like to reiterate the need for speed with some of those replies. We have to report by Tuesday. For the sake of the secretariat, it would be Friday at the latest but if we can get any of those questions on notice sooner—

Mr Beavers: If there is any misunderstanding as to a question—

Mr Molloy: We probably just want to clarify the questions as well.

CHAIR: That is fine.

Mr Beavers: Do we speak to Ms Jeffrey about that?

CHAIR: Yes.

Mr Beavers: At this stage given that it is Wednesday, the only one I have a concern about is the one that Mr Pitt referred to. I will be upfront with the committee about that. Underneath this appropriation bill for each department there are probably several hundred adjustments. So it is just our ability to convert those adjustments to that list by department which we are concerned about.

CHAIR: We are only asking what is humanly possible so do your best.

Mr PITT: As I have indicated, significant or large dollar amounts are probably the most appropriate. I understand there are going to be a large number of transactions.

CHAIR: Thank you for your attendance today. The committee appreciates your assistance. Is it the wish of the committee that the evidence given here before it today be authorised for publication pursuant to section 50(2)(a) of the Parliament of Queensland Act 2001? Moved by Bruce and seconded by Liz, it is so authorised.

Mr Beavers: We thank the committee for your time and interest in this very complicated, technical topic.

CHAIR: As chair of the committee, this is my first time manning the helm.

Committee adjourned at 10.15 am