



ECONOMICS AND GOVERNANCE COMMITTEE

Members present:

Mr LP Power MP (Chair)
Ms NA Boyd MP
Mr ST O'Connor MP
Mr DG Purdie MP
Ms KE Richards MP
Mr RA Stevens MP

Staff present:

Ms M Salisbury (Acting Committee Secretary)
Ms L Pretty (Assistant Committee Secretary)

PUBLIC BRIEFING—INQUIRY INTO THE APPROPRIATION (PARLIAMENT) BILL (NO. 2) 2018 AND THE APPROPRIATION BILL (NO. 2) 2018

TRANSCRIPT OF PROCEEDINGS

MONDAY, 17 SEPTEMBER 2018

Brisbane

MONDAY, 17 SEPTEMBER 2018

The committee met at 9.35 am.

CHAIR: Good morning. I declare open this public briefing on the committee's inquiry into the Appropriation (Parliament) Bill (No 2) 2018 and the Appropriation Bill (No. 2) 2018. I would like to acknowledge the traditional owners of the land on which we meet. My name is Linus Power, the member for Logan and chair of the committee. Other committee members are Ray Stevens, the member for Mermaid Beach and the deputy chair; Sam O'Connor, the member for Bonney; Dan Purdie, the member for Ninderry; Kim Richards, the member for Redlands; as well as Nikki Boyd, the member for Pine Rivers. On 4 September 2018 the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, the Hon. Jackie Trad MP, introduced the Appropriation (Parliament) Bill (No. 2) 2018 and the Appropriation Bill (No. 2) 2018 to the parliament. The parliament referred the bills to the Economics and Governance Committee for examination, with a reporting date of 19 October 2018.

The purpose of the briefing this morning is to assist the committee with its examination of the bills. The briefing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. It is being recorded and broadcast live on the parliament's website. Media may be present and will be subject to my direction. The media rules are available from committee staff if required. All those present today should note that it is possible you might be filmed or photographed during the proceedings. Only the committee and invited officials may participate in the proceedings. Any person may be excluded from the briefing at my discretion or by order of the committee. I remind committee members that officers from the department are here to provide factual or technical information. Any questions about government or opposition policy should be directed to the responsible minister or shadow minister or left to debate on the floor of the House.

MILLER, Mr Glenn, Assistant Under Treasurer, Fiscal Management, Queensland Treasury

NEWBY, Mr David, Director, Whole of Government Reporting, Queensland Treasury

TOMPKINS, Ms Helen, Principal Accountant, Whole of Government Reporting, Queensland Treasury

CHAIR: We will now hear from representatives from Queensland Treasury who have been invited to brief the committee on the bill. Good morning and welcome. I invite you to make an opening statement briefing the committee, after which committee members may have some questions for you.

Mr Miller: Thanks, Chair and committee, for the opportunity to be here today to discuss the Appropriation (Parliament) Bill (No. 2) 2018 and the Appropriation Bill (No. 2) 2018. The purpose of the bills is for the approval of supplementary appropriation for unforeseen expenditure incurred in 2017-18. Unforeseen expenditure is expenditure from the Consolidated Fund above the amount approved via appropriation bills introduced annually with the budget. In this instance, the relevant appropriation bills are those that were introduced in June 2017 alongside the 2017-18 budget. Under the Financial Accountability Act 2009, unforeseen expenditure may be authorised by the Governor in Council on the recommendation of the Treasurer. However, under the Constitution of Queensland, amounts can only be paid from the Consolidated Fund under an act. Therefore, the unforeseen expenditure must also be formally appropriated by parliament.

Under current practice, supplementary appropriation bills are introduced into parliament during the same sitting week that the Consolidated Fund financial report is tabled. This is for two main reasons. Firstly, it facilitates timely consideration of supplementary appropriation by parliament and, secondly, because the Consolidated Fund financial report includes additional detail of appropriation paid to departments that supports parliament's consideration and debate of the bills. Reflecting the practice for annual appropriation bills, a separate Appropriation Bill is prepared for the Legislative Assembly and Parliamentary Service. In this way, Appropriation (Parliament) Bill (No. 2) 2018 provides supplementary appropriation for the Legislative Assembly and the Parliamentary Service and the Appropriation Bill (No. 2) 2018 provides for supplementary appropriation for the other departments.

I note that Treasury has provided the committee with a written briefing summarising each of the bills, which includes a summary of the CFFR process, which I trust has met the needs of the committee. However, I will speak to a few of the key points in each of the bills. The Appropriation (Parliament) Bill (No. 2) 2018 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service in the 2017-18 financial year of \$5.14 million. The unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service was primarily due to costs associated with the 2017 electoral boundary redistribution and the 2017 state election.

Turning to the Appropriation Bill (No. 2) 2018, this seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by departments in the 2017-18 financial year of \$494.915 million. My intention is to speak to the three departments that had the largest contributions for this. They make up over 95 per cent but am happy to take any questions obviously at the end of that.

Of the \$494.915 million, one of the key departments is the Department of Local Government, Racing and Multicultural Affairs of \$187.947 million, and we note that that department was renamed at 12 December 2017. The unforeseen expenditure is in the area of additional administered items, and that primarily relates to the Commonwealth government's prepayment of 2018-19 funding for financial assistance grants to local governments and this was partly offset by the Townsville water security enhancement project which was reallocated to the Department of Natural Resources, Mines and Energy.

The second department I will speak to is the Department of Natural Resources, Mines and Energy, which has unforeseen expenditure of \$54.57 million, and again this department was renamed at 12 December 2017. In this case the additional departmental services were primarily due to the funding for the Affordable Energy Plan and the Townsville water security enhancement project, which was reallocated from the Department of Local Government, Racing and Multicultural Affairs.

The third department I will speak to is the Department of Transport and Main Roads, which has \$231.252 million. This is additional equity adjustments which were primarily due to state and Commonwealth accelerated funding for capital programs, including the Bruce Highway upgrade and other state roads. In total the unforeseen expenditure across the two bills of \$500.055 million represents just less than one per cent of the 2017-18 budget appropriation and is somewhat below the annual average of \$637 million over the previous five years. Thank you again for the opportunity to discuss the supplementary appropriation bills for 2018 and I now welcome your questions.

CHAIR: Thanks, Mr Miller.

Mr STEVENS: The Parliamentary Services exceeded, if you like, their 2017-18 budget by \$5 million, in round figures. Every reallocation and redistribution of seats and those sorts of matters, even the fact that we were getting four new seats, was known prior to the 2017-18 budget being brought down. Why wasn't there any allocation made to that known extra cost coming forward when there had been experience previously on what that would do? It is a \$5 million blowout in Parliamentary Services, if you like.

Mr Miller: Yes, and I appreciate what you are saying. The thing that was not known at the time of the 2017-18 budget was the timing of the 2017 election. It was perhaps earlier in the financial year than might have been assumed.

Mr STEVENS: It still would have been in that financial year though, wouldn't it?

Mr Miller: It would have been in the financial year, but when we are talking about additional members' salaries and all their staff, the timing of when that occurs in the financial year has a difference to the overall cost for the financial year.

Mr STEVENS: A \$5 million difference?

Mr Miller: I would have to check the costs for each of those, but that is certainly my expectation—that is, the election was held earlier than originally anticipated.

Mr STEVENS: By March. I think it was due my March, wasn't it, and it was held in November?

Mr Miller: Yes, I am not sure when it was due. It might have been slightly later even.

Mr STEVENS: Okay; thank you.

Mr PURDIE: The department of child safety and Fire and Emergency Services both had overruns. I think DoCS was \$12.5 million and Fire and Emergency Services was \$8.5 million. Do you have any notes there so that you could elaborate on that expenditure?

Mr Miller: Yes, certainly. The Department of Child Safety, Youth and Women is \$12.479 million, as you have mentioned. The additional departmental services are primarily due to funding to support children and young people in care with complex and challenging behaviours, social benefit bonds and timing adjustments from 2016-17, noting that these were partially offset by timing adjustments for other programs.

Mr PURDIE: Timing adjustments? Can you explain that to me?

Mr Miller: At the time of the 2017-18 budget there is an expectation as to when funds will be expended, and that does not always turn out to be the case. Sometimes funds are spent earlier; sometimes funds are spent later and so with the actual appropriation from the Consolidated Fund the timing can differ from the original budget.

Mr PURDIE: So they had to bring that spending forward, essentially, if it was allocated to a—

Mr Miller: In terms of the offsets, it is more likely that it was later. With regard to some of the ones that contributed to unforeseen expenditure, in some cases it can be brought forward or in other cases it can be additional decisions by government or additional expenditure on existing services.

Mr PURDIE: Excellent. What about Fire and Emergency Services?

Mr Miller: Queensland Fire and Emergency Services was \$8.597 million. Additional departmental services were primarily due to enterprise bargaining agreement outcomes and a funding transfer for the flood focused road safety campaign from the public safety business authority.

Mr PURDIE: Thank you.

Ms BOYD: In relation to grants to local governments, the Treasurer stated in her introductory speech that the unforeseen expenditure was due to the on-passing of Commonwealth funding for financial assistance grants to local government. I am keen to establish how there has been a shortfall in terms of the passing-on process. Can you explain to the committee the process involved in passing on grant money from the Commonwealth to the state government in order to provide those grants to local governments please?

Mr Miller: Certainly. The issue here is that at the time of the 2017-18 budget the state had budgeted for on-passing the 2017-18 financial assistance grants to local government. When we came to the Commonwealth budget in May 2018 they had brought forward the cash for the 2018-19 financial year and provided that to the state in 2017-18. As the state on-passed that to local governments in 2017-18 that had not been captured in our original Appropriation Bill, so it is in effect a timing issue that the Commonwealth provided funds to the state earlier and so the state provided those funds to local government when we had not originally budgeted to do so.

Ms BOYD: Got you. Thank you.

Mr STEVENS: Just to follow on from that, if the Commonwealth funding for 2018-19 was passed on earlier, why is that not a positive rather than a negative in terms of the state government's budget?

Mr Miller: It is neutral in terms of the budget, but this bill is about appropriation.

CHAIR: Expenditure.

Mr Miller: Yes, only the expenditure side.

Mr STEVENS: Correct, but why is it costing more—that is what I am asking—to pass it on earlier?

Mr Miller: It is neutral to the bottom line, but there has been additional expenditure. As well as the additional revenue, this bill only deals with expenditure.

CHAIR: Just to clarify, that expenditure to local government was not something that we had anticipated in the original budget.

Mr Miller: In the original budget, correct.

CHAIR: But then when we received the money we made the choice to make that expenditure during this time frame.

Mr Miller: That is right.

Mr STEVENS: So there were extra programs that were involved that cost the state more?

CHAIR: No.

Mr Miller: No, it is an annual program and the Commonwealth just changed the timing. They brought forward payments in 2017-18 presumably for their own—

Mr STEVENS: What—the 2018-19 payments?

Mr Miller: The 2018-19—that is right—were brought forward into 2017-18.

Mr O'CONNOR: You said before Transport and Main Roads were the largest amount of this extra expenditure.

Mr Miller: That is right.

Mr O'CONNOR: Would you be able to detail how much of it was for infrastructure and maybe give a breakdown on some of the projects that it is going to?

Mr Miller: I do not have that detail with me unfortunately.

Mr O'CONNOR: You mentioned the Bruce Highway before.

Mr Miller: Yes. My understanding is that all of the funding was all equity adjustment—so that is all infrastructure and provision—and that did relate to programs which included the Bruce Highway upgrade and other state roads. It was a mix of Commonwealth and state funding, but we might be able to track that down with the department if you would like further detail.

Mr O'CONNOR: Yes. Can you take it on notice?

CHAIR: You have noted that it was infrastructure. You want a particular breakdown?

Mr O'CONNOR: Yes, just of the projects that it is going to.

Mr Miller: We will see what we can do.

Mr O'CONNOR: Was it a case of Commonwealth funding coming that was unexpected and the state having to come on board as well?

Mr Miller: I would have to follow that one up as well. Certainly the projects were delivered earlier than originally budgeted, and these are projects that have contributions from both the state and the Commonwealth.

Mr Newby: The funding of these projects is complicated. The Commonwealth might agree to a schedule of payments. That timing might be varied by them and then obviously if we are spending the money earlier we are probably spending state money first and getting the Commonwealth money—

Mr O'CONNOR: Because the state builds it and—

Mr Newby: That is right.

CHAIR: Similarly when it comes to the M1, some of the Commonwealth funding is beyond the five years. That is certainly not part of the budgetary process though, is it? We have it known that we have to put up money earlier than the Commonwealth on that project? That is part of the budget process, isn't it?

Mr Miller: That is right, yes.

CHAIR: Was that sufficient?

Mr O'CONNOR: Yes, that is fine.

CHAIR: We note that it is important that there be transparency and oversight over changes to the budget that have been made through the year. Thank you very much for the briefing. That concludes the briefing. Thanks for the information you have provided. A transcript of these proceedings will be available on the committee's parliamentary web page in due course. I note that there are no questions on notice.

Mr O'CONNOR: There was one about the breakdown of projects.

CHAIR: Sorry, I was asking you whether that was sufficient. The question that we have on notice—

Mr O'CONNOR: It is about the specific breakdowns on which projects the Transport funding is going to.

CHAIR: See if you can provide us with specific information about the particular projects that were involved and responses will be required by 5 pm, Thursday, 20 September. Hopefully that is possible so we can include that information in our deliberations. I declare this public briefing closed.

The committee adjourned at 9.51 am.