



ECONOMICS AND GOVERNANCE COMMITTEE

Members present:

Mr LP Power MP (Chair)
Ms NA Boyd MP, via teleconference
Mr ST O'Connor MP
Mr DG Purdie MP, via teleconference
Ms KE Richards MP

Staff present:

Ms L Pretty (Acting Committee Secretary)
Mr J Gilchrist (Assistant Committee Secretary)

PUBLIC BRIEFING—EXAMINATION OF THE APPROPRIATION (PARLIAMENT) BILL (NO. 2) 2019 AND THE APPROPRIATION BILL (NO. 2) 2019

TRANSCRIPT OF PROCEEDINGS

MONDAY, 14 OCTOBER 2019

Brisbane

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The committee met at 9.32 am.

CHAIR: I declare open the public hearing of the Economics and Governance Committee's examination of the Appropriation (Parliament) Bill (No. 2) 2019 and the Appropriation Bill (No. 2) 2019. I would like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders. My name is Linus Power. I am the member for Logan and chair of the committee. With me here today is Sam O'Connor, the member for Bonney and Kim Richards, the member for Redlands. Via teleconference is the member for Ninderry, Dan Purdie, and the member for Pine Rivers, Nikki Boyd. Mr Stevens, the member for Mermaid Beach, is unfortunately unable to attend at this time.

On 19 September 2019 the Deputy Premier, Treasurer and Minister for Aboriginal and Torres Strait Islander Partnerships, the Hon. Jackie Trad, introduced the Appropriation (Parliament) Bill (No. 2) 2019 and the Appropriation Bill (No. 2) 2019 into the Legislative Assembly. The bills were referred to this committee for examination with a reporting date of 4 November 2019. The purpose of this morning's briefing is to assist committee members with the examination of the bills.

This briefing is a proceeding of the Queensland parliament and is subject to the standing rules and orders of the parliament. The briefing is also being recorded and broadcast live on the parliament's website. Media may be present and will be subject to my discretion. The media rules are available from committee staff if required. All those present today should note that it is possible you may be filmed or photographed during the proceedings and images may appear on the parliament's website or social media pages. I would ask everyone present to turn mobile phones off or switch them to silent.

MILLER, Mr Glenn, Acting Deputy Under Treasurer, Queensland Treasury

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

SYLVESTER, Mr James, Acting Assistant Under Treasurer, Queensland Treasury

TOMPKINS, Ms Helen, Principal Financial Accountant, Queensland Treasury

CHAIR: We will now hear from representatives of the Queensland Treasury who have been invited to brief the committee on the bills. I invite you to make an opening statement and after that committee members may have some questions for you.

Mr Miller: Thank you, Chair, and thank you to the committee for the opportunity to be with you today to discuss the Appropriation (Parliament) Bill (No. 2) 2019 and the Appropriation Bill (No. 2) 2019. The purpose of the bills is for the approval of supplementary appropriation for unforeseen expenditure that was incurred in 2018-19. 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 2018 alongside the 2018-19 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.

A department that incurs unforeseen expenditure has needed more appropriation than was originally approved as part of the budget, which may occur for any number of reasons. For example, a department may need additional appropriation to respond to emergent issues, to implement government policy or it may be due to a change in timing of Commonwealth payments or project delivery. Therefore, unforeseen expenditure is not necessarily the same as departmental overspending. Further, the bills that we are speaking about are only concerned with unforeseen expenditure. There were a number of agencies that have spent less than was approved in the original appropriation bills.

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Appropriation Bill (No. 2) 2019

I note that the supplementary appropriation bills were introduced into parliament during the same week as the Consolidated Fund Financial Report was tabled. The Consolidated Fund Financial Report includes additional detail of appropriation paid to departments that support parliament's consideration and debate of the bills. Treasury has provided the committee with a written briefing summarising each of the bills which includes a summary of the Consolidated Fund Financial Report process which I trust meets 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) 2019 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service in the 2018-19 financial year of \$639,000. The unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service primarily related to funding for technology improvements for electorate offices and allowance determinations made by the Queensland Independent Remuneration Tribunal.

Turning to the Appropriation Bill (No. 2) 2019, this seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by eight departments in the 2018-19 financial year of \$1.397 billion. The Department of Transport and Main Roads, at \$699.8 million, represented over 50 per cent of unforeseen expenditure. The majority of this expenditure was the result of the accelerated delivery of capital programs, including Commonwealth funding for the Gateway Upgrade North Project and Toowoomba Second Range Crossing, a range of state funded projects, including Bruce Highway upgrades, Pacific Motorway upgrades, the state funded contribution to Toowoomba Second Range Crossing and other state roads. I note that a detailed breakdown has been provided in the written briefing.

The Department of Local Government, Racing and Multicultural Affairs, at \$257.2 million, primarily relates to the Commonwealth government's decision to prepay 2019-20 financial assistance grants for on-passing to local governments in 2018-19. That is \$251 million. The Department of Education at \$262.5 million is primarily due to additional funding for new schools and accelerated school infrastructure funding, which is \$208 million. Together these three departments accounted for 87 per cent of unforeseen expenditure.

They are the three key departments. I am happy to speak about remaining departments if there are items of particular interest, otherwise I will defer to the committee for any questions regarding the bills more broadly.

CHAIR: Thank you very much. I appreciate that briefing. I note that there were adjustments in Department of Education funding for school infrastructure. Would that have included schools such as Yarrabilba State Secondary College or would that have been previously funded and not part of that package?

Mr Miller: I am not sure if we have the specifics on the schools. We can follow specific ones up for you, but in general terms if there was an amount in the budget in 2018-19 and then government brought forward progress on schools during the financial year, that certainly could be one example.

CHAIR: I might not put you on record for that, I just wanted to gratuitously note the fantastic work that that funding did within such schools as Yarrabilba State Secondary College. What is the quantum of the increase in Department of Education equity funding?

Mr Newby: That was \$208 million.

Ms RICHARDS: In relation to the Department of Local Government, Racing and Multicultural Affairs, there has been unforeseen expenditure due to the Commonwealth grants prepayment in 2019-20 funding. Can you elaborate on why this process is categorised as additional administered items? Could you talk in terms of the process of those grants and could we expect to see a similar issue arise in the next financial year?

Mr Miller: Thank you for the question. The money that comes from the Commonwealth for financial assistance grants is treated as administered because the state does not have policy control over it. We are effectively a post box for the Commonwealth. What has happened on this occasion, and has happened in some years previously, is that quite late in the financial year the Commonwealth decided to bring forward the funding for those financial assistance grants. Normally you would expect the 2019-20 grants to be received in 2019-20 and passed on to local governments in 2019-20. In their 2019-20 budget that was identified as being brought forward into 2018-19 and therefore, as the state passes it on in 2018-19, we record that as additional appropriation going to the Department of Local Government. It is certainly something that can happen again in the future.

CHAIR: I notice that quite a lot of the quantum of the additional appropriations were in that category, Commonwealth funding that the Commonwealth saw fit to put into a particular year's budget that was anticipated in a future year's budget. Sometimes there is a critique that there is a large dollar amount in unanticipated spending. That would be something that the Commonwealth would have to rectify in its appropriations in that it was something that they had as unanticipated funding and we are merely reflecting that in our processes.

Mr Miller: We are certainly just reflecting what they have done. James may wish to talk a bit about the Commonwealth process. I understand they have multiple appropriations.

Mr Sylvester: They do. They have a slightly different process to us in that they might run several bills throughout the year. A few years back they prepared up to six bills. During the year they can shift their funding as they need, seek appropriation and then pay it out. It is not so much as going back, as we do, with unforeseen expenditure, they appropriate throughout the year.

CHAIR: Is there value in doing that in a particular sense? I note that many of these things were actually announced and canvassed usually in the House, but is there any value in doing that multiple process? It would seem that there is a lot of bureaucracy of process.

Mr Sylvester: It is more bureaucratic. It is just a difference in approach, I guess. They view it as a way of making sure that parliament has control over appropriations before they are spent. Here there is only one House so you could argue that it is not necessary.

CHAIR: That being said, some of these things that were appropriated by the Commonwealth were very much on the eve of their budgetary process in the very last minute of the financial year.

Mr Sylvester: Correct, yes.

CHAIR: Those ones would have been appropriated post, I imagine, the standard budget process.

Mr Sylvester: They can do appropriation bills right up to the end of June.

Mr O'CONNOR: Mr Miller, you mentioned there were a number of agencies with an underspend. Could you detail which ones they were and by how much?

Mr Miller: There is a lot of information in the Consolidated Fund Financial Report which has been tabled. Do you have some highlights, David?

Mr O'CONNOR: You are welcome to take it on notice, if you need.

Mr Newby: It is quite a large number of agencies. For instance, for Communities there was \$318 million which related basically to the NDIS. That is, I guess, just in relation to the slow adoption of the NDIS scheme. That is money that will eventually go to the Commonwealth. In relation to the Commonwealth redress scheme for sexual abuse victims there was about \$47 million there. In terms of Housing and Public Works, there was \$182 million related to social housing and sporting grants.

CHAIR: What pages in the report is that reference to? That might be useful for members. This is a very long list. Almost every department finds some savings throughout the year. It is very exciting.

Mr Newby: All that is listed in the Consolidated Fund Financial Report which you have a copy of.

CHAIR: What pages?

Mr Miller: Pages 9 to 14 have the tables and then there are explanations from page 15.

CHAIR: As usual, all departments have some kind of saving that they find or some kind of expenditure, like in the case of the abuse victims, where there was not as much demand or people processing in this particular year and in the future there may be more people come forward in that program because we have set up the program. Is there anything more particular, member for Bonney?

Mr O'CONNOR: The big individual additional expenditure was the NGR within TMR. There were two different figures in that briefing we had. In the first section on TMR there was \$126 million on the NGR but at the back it had \$84 million. I want some clarity on that: delivery of additional NGR trains.

Ms RICHARDS: \$126 million.

Mr O'CONNOR: Then in the detail of TMR it has \$84 million.

Mr Newby: As I understand it there was a shift in the delivery of the number of trains. That is the \$84 million.

Mr O'CONNOR: The \$84 million is the actual trains?

Mr Miller: A bring forward in timing of trains. There are two components.

Mr Newby: My understanding is that the other amount relates more towards the disability rectification.

Mr O'CONNOR: How many trains would that be for the \$84 million?

Mr Newby: I could not tell you that.

Mr O'CONNOR: Can we get that?

Mr Miller: We can ask TMR for that information.

Mr O'CONNOR: Take that on notice?

CHAIR: We will do that at the end. Are there any further questions?

Mr O'CONNOR: You heard the gratuitous plug for Yarrabilba State Secondary College.

CHAIR: Yarrabilba State Secondary College. Construction is underway at the moment. We just had the keys handed over to the new principal. Enrolments are open. Fantastic work by the Treasury, but also by the Department of Education.

Mr O'CONNOR: There is no detail on the \$200-odd million. Where does that come from? These are projects that are years in the planning.

CHAIR: Come from or go to? Come from is Treasury.

Mr O'CONNOR: How is it unforeseen is what I was wondering, because these are long-term projects.

Ms RICHARDS: Acceleration.

Mr O'CONNOR: Is it funding that was there that has been brought forward for particular schools?

Mr Miller: Yes, my understanding is that it is primarily an acceleration of purchases of land and construction activity.

Mr O'CONNOR: It was previously foreseen but now it has been brought forward?

Mr Miller: My understanding is that is the primary reason. I do not know how many hundred adjustments there are. It is all project level and built up from there. Acceleration is the primary reason.

CHAIR: I thank you for the comprehensive briefing that you gave. We do not have as many questions because of that. We note that there were no submissions so we did not need to press you on any submissions. We also note that this is a part of the accountability of Treasury to the parliament and we thank you for the comprehensive way in which you have done that.

There being no further questions we will end this session. We have one question on notice, which was to ask, of the \$84 million for the delivery of the additional NGR trains, how many trains did that deliver? If you could take that up with the Department of Transport and give us a response before 12 pm this Friday, 18 October. I know that is quite a short time frame, but I think it might be on the public record as well.

Mr Miller: I am sure they will be well placed to provide that.

CHAIR: No doubt. Thank you very much for appearing today to assist the committee with its inquiry. Thank you also to our Hansard reporters who always do a fantastic job and, of course, the parliamentary staff for their assistance. A transcript of these proceedings will be available on the committee's parliamentary web page in due course and it will be circulated to all for review. I declare this public briefing closed and thank you very much for your time.

The committee adjourned at 9.50 am.