



Speech by

Dr DAVID WATSON

MEMBER FOR MOGGILL

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**APPROPRIATION BILL
Estimates Committee A
Report No. 2**

Dr WATSON (Moggill—LP) (Leader of the Liberal Party) (12.23 p.m.): It gives me pleasure to participate in the debate on Report No. 2 of Estimates Committee A. The Budget raises some very significant concerns for members on this side of the Chamber, particularly the GFS cash budget deficit of \$1.235 billion and the indication that that cash budget deficit will continue in future years. They are general issues. Today I am particularly concerned about issues that were raised within the parliamentary Estimates committee process.

In particular, I am concerned about some of the accounting processes that were adopted by Treasury. They did not concern just me; it is fair to say that they concerned other members of the committee, too. It is worth drawing the attention of the Treasurer to the fact that the committee expressed its concern that the figures contained in the MPS were incomplete, as evidenced by the answers given to the questions on notice and, I should say, the inability of Treasury to answer questions during the Estimates process itself. The committee also draws the Treasurer's attention to the fact that it expects full disclosure and reminds Treasury that this is the second year in a row that the committee has had to draw the Parliament's attention to incomplete financial reporting on the part of the Treasury.

I will examine those concerns in a little more detail, because I believe this issue is important. One of the central issues that I was concerned about within the Estimates process was the fact that not all the funds being expended were actually detailed in the MPS. When we asked for those figures on notice, we received an answer stating that there was no explicit idea of where the \$2.829m, which supposedly was being paid by the Government to Treasury, was going. In fact, one could actually call that a \$2.829m slush fund. The answer came back from Treasury that those funds were going supposedly to what they referred to as services to non-departmental outputs, such as the Motor Accident Insurance Commission, the Nominal Defendant Fund, the QRAA and bodies such as that. The problem is that when one examined those sectors in the MPS for details, they simply were not there. Given that we have moved away from cash accounting to accrual accounting, one would have expected that all those types of things would have been disclosed within the MPS. The rather pathetic excuse that the Treasury gave with respect to the Motor Accident Insurance Commission report, for example, that it was following generally accepted standards and the format of its annual report, was simply not acceptable. We have moved to accrual accounting, but there is absolutely no question that the MPS provided by Treasury simply failed to provide all the relevant detail.

The second issue that was explored by the Estimates committee was the issue of the equity return. I think that issue is pretty disturbing. I am glad that the Premier is in the Chamber. He told us that the equity return was supposed to be an incentive. One would have thought that if it were an incentive, one should have been able to calculate it and know its exact impact. When one examines the Treasury Estimates, one finds an equity return of \$8.33m. That is supposed to represent a 6% return on the net equity of Treasury. Of course, that represents nothing like a 6% net equity return on Treasury. It is substantially greater than that. The answer given was that that was calculated on a combination of the \$32.3m for the Treasury Department—in the MPS it was \$34.5m—and \$106.5m for

the Motor Accident Insurance Commission and the Nominal Defendant Fund. Nowhere in the documents did those two figures appear. Nowhere in the documents did the \$138.8m appear. There is no way of getting those figures. What we got in the return from Treasury was the nonsense that it is expected that that will be produced in an ongoing budget monitoring process.

Time expired.
