



Speech by

Hon. Andrew Fraser

MEMBER FOR MOUNT COOT-THA

Hansard Wednesday, 27 February 2008

FINANCIAL ADMINISTRATION AND AUDIT AND ANOTHER ACT AMENDMENT BILL

Hon. AP FRASER (Mount Coot-tha—ALP) (Treasurer) (12.44 pm), in reply: I thank members on both sides of the House for their support of this legislation, which, as has been referenced in the debate, comes about because of proposals by the AASB. In that regard I acknowledge the homily to the AASB that was provided by the member for Surfers Paradise. It is important that someone places such a homily on the record. May it forever be upon his CV that he provided that particular love note to the AASB.

I also thank the previous speaker, the member for Kallangur, whose chairmanship and stewardship of the Public Accounts Committee is well known to all members the House. I thank him for the very learned comments that he provided and the issues that he raised. It provides all members of the House with the confidence that the Public Accounts Committee continues to be an important institution within the workings of the Queensland parliament.

I will address some of the issues that were raised by members. As the member for Kallangur said in closing his contribution, it is important to emphasise that any derivative transaction would be undertaken by the QTC or, in some circumstances, by the QIC and not by the department itself. In terms of the capacity argument or the issue with agencies being able or authorised to undertake these tasks, it is only about entering into it and not actually undertaking that transaction. That expertise lies particularly with the QTC and QIC, and they will be the agencies to continue to do that.

Those transactions will continue to be reported upon in the annual reports, as was mentioned in the debate as well. Generally these will not be of the nature of an interest rate hedge. Because borrowings are undertaken at a whole-of-government level, that is undertaken by the borrowing program that the QTC does at any stage. They relate particularly to currency hedging. As I indicated to the member for Toowoomba South, for example, if the Department of Emergency Services was buying helicopters from overseas and there was a currency risk, that would be the time at which they would enter into a hedge. In those circumstances that hedge would be undertaken by the QTC. Currency hedges are also undertaken through the government's trade offices. We hedge against the expenditure there obviously, because by its very nature that expenditure is taken offshore. But the interest rate hedging for the borrowing is done at a whole-of-government level by QTC, particularly for trade. Purchases especially of capital equipment would be the nature of the derivative transactions that are undertaken by agencies that are so authorised.

For the benefit of the House I should say that it aligns with the powers in other sections of the act: section 40A, the power to borrow; section 40C, dealing with investing an amount; and section 44, which deals with forming a company. It brings into alignment the process that is undertaken for those authorisations to allow for derivative transactions. They will continue to be undertaken by the QTC or, in limited circumstances, by the QIC. In that regard I am entirely confident that the risk management framework that exists around those particular transactions, which as some members have indicated have a potential to provide for a level of risk, continues to be an entirely robust one.

I will make a couple of other passing comments. I take it that the contribution of the member for Robina was an application for the shadow Treasurer's job at a future point in time. I do not think anyone

could ever accuse the member for Robina of being less than forthright or less than ambitious. It is well known that the member for Robina also has a great deal of form, and some ripping yarns have been referred to in this place and at other times about how he has, on occasion, accounted for public money in a past life. I leave that to one side.

The member for Robina ran a couple of the lines of convenience, which probably can be aligned to an inconvenient truth in this case. It was an inconvenient falsehood on the part of many of the issues raised by the member for Robina. The issue of public-private partnerships in schools was also touched on, although less substantively, by the shadow Treasurer. While it is not directly relevant to the four corners of the bill, I did not object to the debate so I make those passing comments in that regard.

One of the things we need to be mindful of here is a little bit of history—that is, during the last election campaign many people would be aware that the opposition went out there through the now shadow minister for local government, the member for Warrego, saying, ‘Roll up, roll up. If you want to provide infrastructure through a PPP’—and he listed them all off, including schools—‘we’re up for it.’ So we need a little bit of clarification about whether the coalition has a different approach, a consistent approach or the same approach, or if in fact, like that great SE Hinton novel, the general rule the coalition is applying to its approach to PPPs is ‘that was then, this is now’.

I recall the debate in this parliament in the last term in which the member for Surfers Paradise, as shadow education minister at the time, made some proposals about undertaking education for profit. I close my remarks in support of the bill by suggesting to members that there is some misalignment between those positions variously advanced at various times by various members of the coalition. I commend the bill to the House.