



Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

Record of Proceedings, 30 October 2013

APPROPRIATION BILL (NO. 2)

Second Reading



Hon. TJ NICHOLLS (Clayfield—LNP) (Treasurer and Minister for Trade) (3.32 pm): I move—

That the bill be now read a second time.

I would like to start by thanking the Finance and Administration Committee for its report tabled on 22 October 2013 regarding Appropriation Bill (No. 2) 2013. I note that the committee supports the bill and recommends that it be passed. While the committee made no additional recommendations, I would like to take this opportunity to respond to some of the committee's comments and issues raised in its report.

The committee supported the principle that unforeseen expenditure be approved via a separate appropriation bill as soon as practicable after the end of the financial year. The committee agreed that the principle underpinning this is that the parliament should authorise the expenditure and, even though it is after the event, there is merit in debating the expenditure in order to understand how the expenditure was incurred. Basically, the parliament deserves to be informed.

In their report the committee has identified the key benefit of introducing Appropriation Bill (No. 2) 2013. The introduction of a separate bill, aligned with the tabling of the Consolidated Fund Financial Report, CFFR, which provides detailed explanations of appropriation adjustments, including unforeseen expenditure for each agency, enables timely scrutiny and debate of this expenditure.

As I indicated when introducing this bill, this is all about increasing openness and accountability, which was one of the Newman government's pledges to the people of Queensland—part of our 'can-do' commitment. There can be no doubt that the previous Labor government's decision in 2008 to combine supplementary appropriation with the annual appropriation bills was purely a political one. It was an attempt to avoid scrutiny of the budget blowouts that were a hallmark of the former government. It meant that there was a serious delay between an expenditure being incurred and when approval is sought for it.

I raised the matter at the time with the Speaker of the day, the Hon. John Mickel, who thought the matter serious enough to refer it to the Ethics Committee. My contention, as summarised by the Speaker, was that the action was a significant departure from previous practice in terms of the time frame for this approval being sought and given; this new approach had been implemented based on an extended time frame and different method for seeking and gaining parliamentary approval for unforeseen expenditure incurred during a financial year; and that the parliament was not advised of, nor did it approve, the changed approach to its introduction.

The committee reported to this House that it was unanimous in its view that the new process for seeking parliament's authority for the appropriation of unforeseen expenditure in 2007-08—that is,

incorporating it into the appropriation bills for 2009-10—was a significant departure from past practice in Queensland at least dating back to the mid-1980s. Further, the committee noted that the 2007-08 process was the first time parliament's authority has been obtained for expenditure more than 12 months after the relevant financial year in August 2009. Imagine that, Madam Speaker: 12 months after the expenditure had been incurred, the Labor Party thought that it was okay to report back to the House and include that appropriation in the prospective year's appropriation bill. However, the committee noted that this practice is not unprecedented in other states—which does not make it right—and there is was no impediment in the relevant Queensland legislation to incorporating the 2007-08 unforeseen expenditure into the appropriation bills for 2009-10.

The point should be made that the former government decided to lower the financial management standards adopted in Queensland. Whilst there may not have been a legislative barrier to delaying the consideration of unforeseen expenditure, the practice is not consistent with high standards of financial management or open and accountable government. No-one should have been surprised that the Labor government took the easy way out. It was this type of approach to budgeting by Labor that put Queensland in the fiscal position we are now in, and this bill that we are debating today is another example of the Newman government prudently and methodically increasing accounting standards to ensure that taxpayers' money is being put to the best use.

I noted with interest the shadow Treasurer's statement of reservations to the Finance and Administration Committee's report on Appropriation Bill (No. 2) 2013. What first struck me was the fact that the member for Mulgrave did not raise any objections with the bill itself. The bill, as I indicated when I first began, was supported by the committee. It is interesting that indeed the committee supported the principle that unforeseen expenditure be approved via a separate appropriation bill as soon as practicable. The committee agreed that the principle underpinning this is that the parliament should authorise the expenditure even though it is after the event. The committee decided that that was the way that it ought to be. The member for Mulgrave, failing to raise any of those issues, now writes a subsequent letter and puts that into the report. It appears the shadow Treasurer does not consider that the introduction of this bill increases transparency and accountability. He also asserted that 'a number of dubious claims were made in the introduction of this bill about previous unforeseen expenditure'. Yet again it shows that the member for Mulgrave misses the point. He was content to let business go on as it had been under Labor with the lack of scrutiny and all that entailed.

For the benefit of the House, let me outline how business was done under Labor. The facts and numbers speak volumes, and I table the document highlighting the unforeseen expenditure by year from 1999-2000 to 2012-13.

Tabled paper: Document titled 'Unforeseen Expenditure by Year—1999-2000 to 2012-13' [[3921](#)].

I could go through the years separately, but the numbers are self-explanatory. When Bligh and Fraser were at the reins from 2005-06 onwards, unforeseen expenditure blew out by at least \$1 billion every year. In fact, those opposite would have viewed unforeseen expenditure of \$1 billion as an achievement. In the final term of the Bligh-Fraser administration, unforeseen expenditure averaged around \$4.4 billion a year. Is it any wonder Labor changed the goalposts in 2008? Is it any wonder the books were in the shape that they were when we got into government? Is it any wonder Queensland lost its AAA credit rating when those opposite were in charge? Is it any wonder that debt continued to skyrocket despite the rivers of gold that were flowing in?

Under the approach introduced by the previous Labor government, I had to include supplementary appropriation for 2010-11 with the annual appropriation bills for the 2012-13 budget. Unforeseen expenditure in 2010-11 under Labor was more than \$9 billion. Labor's changes meant we were not debating this budget blow-out until more than a full year after the expenses were incurred. Only the member for Mulgrave would argue that this is a right and proper approach. The approach used by those opposite was not good for accountability and it inhibited good governance.

In contrast, I introduced Appropriation Bill (No. 2) 2013 for supplementary appropriation for 2012-13 on 12 September 2013. This is approximately nine months before supplementary appropriation would have been sought under the previous government's approach and just under three months after the end of the financial year for which it is sought.

The change in timing and introduction of a separate bill for supplementary appropriation as soon as possible after the end of the financial year increases transparency and accountability. It does this by enabling the timely scrutiny of the supplementary appropriation requirement. It also allows the introduction of the bill to be aligned with the tabling of the Consolidated Fund Financial Report, which, as I have already said, provides detailed explanations of appropriation adjustments for each agency.

So you have the bill seeking the unforeseen expenditure authorisation matching up with the report that tells you what it is all about. They come together. It enables proper process, proper scrutiny and proper debate by this parliament. If those opposite wish to query or question it, they have the opportunity to do so in a timely fashion, immediately after the financial year to which it relates. The change also responds to the issues noted in the independent Commission of Audit's final report around the process for supplementary appropriation and reduces the extended delay between when the unforeseen expenditure was incurred and when it is approved by parliament.

I am proud of the Appropriation Bill (No. 2) 2013, which seeks supplementary appropriation for 2012-13 of just over \$63.4 million. That is required by a single department—Treasury—in relation to additional payments made to employees, predominantly for superannuation. I again point out that this is the lowest level of unforeseen expenditure in more than 15 years. It again demonstrates this government's commitment to fiscal discipline.

As I have shown, the budget blow-outs that were a hallmark of Labor's time in office will not continue under this can-do government. We are determined to respect the public's money. This bill ensures future governments will have to explain and outline supplementary appropriation in an open and accountable way. This can only be seen as a win for the people of Queensland and a responsible and transparent approach to government.

As I said when I introduced the bill, this is not the achievement of any one person. This is the achievement of a whole government—my colleagues in the ministry, the assistant ministers and their departments—working together with a common aim: to deliver better services for Queenslanders. I thank them for their assistance and I commend the bill to the House.