




Speech By
Hon. Tim Nicholls

MEMBER FOR CLAYFIELD

Record of Proceedings, 15 October 2014

APPROPRIATION (PARLIAMENT) BILL (NO. 2); APPROPRIATION BILL (NO. 2)

Second Reading (Cognate Debate)

 **Hon. TJ NICHOLLS** (Clayfield—LNP) (Treasurer and Minister for Trade) (3.31 pm): I move—

That the bills be now read a second time.

I would like to thank the Finance and Administration Committee for its reports tabled on 9 October 2014 regarding the Appropriation Bill (No. 2) 2014 and the Appropriation (Parliament) Bill (No. 2) 2014. I am pleased to note that the committee supports both bills and recommends that they be passed. As I mentioned when I introduced the bills, supplementary appropriation is required where expenditure from the Consolidated Fund for a department is above the amount approved for that department as annual appropriation at budget time. I want to reiterate that, while 10 departments required unforeseen expenditure, most managed their budgets within the original appropriation limits. In this way total appropriation in 2013-14 was less than the total amount approved as part of the 2013-14 budget.

Most importantly, while appropriation was lower than budgeted, there have been front-line service delivery improvements. We are, as we said we would do, making sure that our savings are going into delivering better and more front-line services. In Health the number of category 1 patients waiting more than 30 days for surgery has been cut by 89 per cent over the last two years and the number of category 2 patients waiting more than 90 days for surgery has been cut by 83 per cent in the same two-year period. In Housing the long-term social housing waiting list has reduced by 38 per cent over the last two years and the government has introduced a new service, RentConnect, to help customers into the private rental market. In public transport, Queensland Rail has reviewed its business and timetable to deliver an extra 200 services each weekday in South-East Queensland. Since the new timetable was implemented an extra 27,000 trips a week have been taken. We are delivering better services for Queensland and doing it within budget. I want to thank my ministerial colleagues for their hard work, together with their departments, in this regard.

The introduction of supplementary appropriation bills at the same time as the Consolidated Fund Financial Report provides for timely consideration of unforeseen expenditure. I want to thank the committee for its detailed consideration of the supplementary appropriation bills and the 2013-14 Consolidated Fund Financial Report. While the committee made no additional recommendations, I would like to take the opportunity to respond to the statement of reservation lodged by the member for Mulgrave as part of the committee's report on Appropriation Bill (No. 2). There are a number of claims made by Mr Pitt that make allegations that we failed to respond to questions that expenditure had little to do with financial management and some other issues in relation to lapsing and the Strong Choices campaign.

Firstly to respond to these claims, in line with its commitment, Queensland Treasury and Trade responded to the specific queries of the committee and I note that officers of Treasury were in

attendance and did attend committee hearings. Indeed, I had a look at the transcript and saw that they gave very complete and fulsome answers. However, every department has hundreds of adjustments to their appropriations each year, including increases and offsetting decreases. Given these complexities, the detail provided in the Consolidated Fund Financial Report, another document lodged with the parliament which is signed off by the Auditor-General, represents the best explanations that can be provided. This is in line with the practice and procedure of Treasury and governments for a very long period of time. There is nothing new. There is no change. I cannot help it if the member for Mulgrave cannot read the documents and understand them. When specific matters of concern were raised by the committee, Treasury provided additional information.

Secondly, the unforeseen expenditure in 2013-14 is much lower than in previous years under the former government all the way back to 2004-05 on both a total and as a percentage of appropriation. We all remember the days when the former government would come in and make wild and excessive claims about expenditure and promises and commitments to spend, blowing the budget out in the meantime, and then fail to do so. The great mystery was that despite the fact that it lapsed appropriations it still continued to rack up \$80 billion worth of Labor debt. Labor continued to rack up debt year in, year out. But as the record shows, its lapsed expenditure was far greater than we have provided information on in the last two years.

Overall, total appropriation in 2013-14 was less than the total amount approved as part of the 2013-14 budget and, as I have already mentioned, this has been at the same time as service delivery has improved, and I detailed some of those improvements. The Consolidated Fund Financial Report shows lapsed appropriation in 2013-14 of \$2.35 billion, representing five per cent of the total appropriation for the year. Lapsed appropriation reached almost \$3 billion in 2004-05, almost 14.1 per cent of appropriation under Labor's watch compared to five per cent in 2013-14. So, 14 per cent under Labor, five per cent under the Newman LNP government.

Finally, information about expenses relating to Strong Choices has been provided in budget papers, in responses to questions on notice raised during the estimates committee hearing and by me during the estimates hearings themselves. These are supplementary appropriation bills that the former Labor government said were no longer necessary and it actually changed the system to hide its problems. We reintroduced it to improve accountability. If the honourable member for Mulgrave cannot discern enough information from the Consolidated Fund Financial Report signed off by the independent Auditor-General, and if the honourable member for Mulgrave cannot get enough information out of estimates, both questions on notice and six hours worth of questions—those who were there remember I actually lost my voice—if in all of that the honourable member for Mulgrave cannot find the information he wants one has to wonder what he is doing. That does not include the 23-odd staff and the \$2.7 million that goes into funding the opposition office each and every year. If he cannot find the answers to these questions in that process then the people of Queensland really have to wonder should he ever have put his hand up for the job of shadow Treasurer.

We are more accountable, we provide more information, we answer questions for longer and we provide answers through the independent Office of Treasury. They turn up down here, without me—no-one else is there—to answer questions and the member for Mulgrave still complains that he does not get enough information. Really, what does he want us to do? Does he want me to do his job for him as well? Does he want me to take on that responsibility, which he so patently cannot discharge? The appropriation bills provide a level of clarity and the processes put in place provide a level of transparency that the former government, of which the member for Mulgrave was a cabinet minister, sought to pull the veil of secrecy over. There is a much greater degree of transparency and any complaints are simply crocodile tears.

The Appropriation Bill (No. 2) 2014 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by nine departments in the 2013-14 financial year of \$442 million. Over half of this is for Queensland Treasury and Trade's administered items and primarily relates to its whole-of-government financial management role. If you like, Queensland Treasury acts as the balancing mechanism to move money through the departments. The Appropriation (Parliament) Bill (No. 2) 2014 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by this place, the Legislative Assembly, and the Parliamentary Service in the 2013-14 financial year of \$5.6 million. As I indicated in my first reading speech, this partly relates to determinations by the Queensland Independent Remuneration Tribunal. Therefore, the total supplementary appropriation for 2013-14 is \$447.6 million.

I advise that I will be moving a number of other amendments during the consideration in detail stage of Appropriation Bill (No. 2) 2014 which I will now outline briefly. I understand that the

opposition has been briefed on those amendments in the last little period. They relate to racing. Racing is one of Queensland's iconic industries, directly and nondirectly employing an estimated—

Mr Stevens interjected.

Mr NICHOLLS: I hear the member for Mermaid Beach who, of course, very much supports the racing industry, both directly and nondirectly. It employs an estimated 68,000 people and supports more than 130,000 licensed clubs across the state. It is common knowledge that the Australian racing industry is reliant on TAB turnover to survive, and Queensland is no different. Over the past decade, the mutual interdependence between wagering and racing has primarily taken the form of a product and program agreement between TattsBett Ltd as the sole race and sports wagering operator in the state, the Queensland all-codes racing board trading as Racing Queensland and the Queensland Race Product Co. Ltd. Under the product and program agreement primarily, which expired on 30 June 2014, TattsBett paid a variable product fee of its gross revenue to the racing industry in return for the use of Australian racing information, the Queensland racing calendar and the Queensland racing program. In effect, it was the mechanism by which racing in Queensland was funded by the exclusive grant of the wagering licence that was given way back in, I think, 1989-90 by the then Goss government when it sold off the then TAB and called it UNiTAB. That agreement came to an end on 30 June 2014.

Mr Stevens: 1999, I think.

Mr NICHOLLS: The member for Mermaid Beach may be better off picking winners. On 27 June 2014, following an expression of interest process undertaken earlier this year with national and international wagering operators, Racing Queensland and the state reached an in-principle agreement with Tatts Group, the parent company of TattsBett, for a new funding package for the racing industry post 30 June 2014. The new arrangements are intended to provide over \$4.5 billion in funding over 30 years and more than \$850 million above what the industry would have received under the previous arrangements with TattsBett pre 1 July 2014. I emphasise that: an additional \$850 million more than the previous agreement, had it continued, would have provided.

As part of the new arrangements, it is proposed to grant TattsBett an extension to the retail exclusivity arrangements under its sports and race wagering licences for a further 30 years from 1 July 2014. An exclusivity period was previously attached to both licences from 1 July 1999 to 30 June 2014. I acknowledge that the member was right: the privatisation did take place from 1 July 1999. That would have been under the Beattie government, not the Goss government. I correct the record in respect to that, too.

Amendments include necessary amendments to the Wagering Act 1998 to extend the retail exclusivities for a further 30 years from 1 July 2014, as agreed. It is worth noting that the proposed extension to TattsBett retail exclusivities is consistent with the operating models of a number of Australian jurisdictions that have both retained exclusive retail models for wagering. In fact, both Victoria and New South Wales have recently undergone a similar process that saw them extend the terrestrial exclusivities for their wagering operators at least until August 2024, with the possibility of an extension, and June 2033 respectively. That is both Victoria and New South Wales.

The government and I am firmly of the view that the in-principle agreement represents a genuine partnership between industry, government and the wagering operator and, for all intents and purposes, is the best outcome for all. I acknowledge the hard work of the Minister for Racing, the member for Buderim, in making sure that we achieved this agreement in time to meet the deadline of 30 June, ensuring a prosperous and well funded future for the racing industry, which is important to so many jobs and so many communities throughout Queensland. I commend the bills to the House.