




Speech By  
**Hon. Curtis Pitt**

**MEMBER FOR MULGRAVE**

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Record of Proceedings, 28 October 2015

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

 **Hon. CW PITT** (Mulgrave—ALP) (Treasurer, Minister for Employment and Industrial Relations and Minister for Aboriginal and Torres Strait Islander Partnerships) (4.03 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 20 October 2015, regarding the Appropriation Bill (No. 2) 2015 and the Appropriation (Parliament) Bill (No. 2) 2015. I am pleased to note that the committee supports both bills and recommends that they be passed.

The purpose of the bills is to provide for supplementary appropriation for unforeseen expenditure that occurred in the 2014-15 financial year. Unforeseen expenditure is expenditure that is from the Consolidated Fund for a department that is above the amount approved for that department as part of its annual appropriation at budget time. The Appropriation Bill (No. 2) 2015 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by seven departments in the 2014-15 financial year of \$9.110 million. In summary, 60 per cent of this unforeseen expenditure was incurred by the Public Safety Business Agency in relation to expenditure on capital projects transferred from the Queensland Police Service, such as police station and watch house upgrades and refurbishment. A further 28 per cent was incurred by the Department of Agriculture and Fisheries and this unforeseen expenditure related to the additional expenditure that was incurred for the support services delivered by the Queensland Agricultural Training Colleges.

Unforeseen expenditure and lapsed appropriation can occur for a variety of reasons. These include significant one-off factors such as natural disasters, the timing of Commonwealth payments, or the reprofiling of projects. However, agencies are constantly improving their scrutiny and monitoring of expenditure to improve value for money and to efficiently deliver their services on time and on budget.

The Appropriation (Parliament) Bill (No. 2) 2015 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service in the 2014-15 financial year of \$2.934 million. This additional expenditure related to one-off expenses for the 2015 state general election, the fire protection system at Parliament House and upgrades to the finance system. Therefore, total supplementary appropriation for 2014-15 is \$12.044 million. To put that figure into context, that unforeseen expenditure represents just 0.03 per cent of the published budget. This is the lowest amount of unforeseen expenditure over the past 18 years. By comparison, 11 of the last 18 years had unforeseen expenditure that exceeded \$1 billion. This outcome for 2014-15 is indicative of the measured and responsible fiscal approach of the Palaszczuk government. The LNP forecast a \$67 million deficit for 2015. We have turned that into a surplus. That was achieved despite significant write-downs in royalty revenues and payroll tax since in former government's midyear fiscal and economic review in December last year.

In the budget that I brought down on 14 July, I forecast a surplus in 2015 and in each of the following years over the forward estimates we will deliver these surpluses without selling assets. We will deliver surpluses across the next four years while investing in the jobs of the future through our \$180 million Advance Queensland package, the innovation centrepiece of this year's budget. We will deliver surpluses across the next four years while restoring front-line services, particularly in health and education, both of which have record budgets this year. We are investing in a \$500 million Schools and Hospitals Fund that will refresh vital infrastructure, using local labour and generating local jobs. We will deliver surpluses across the next four years while paying down debt. Our responsible fiscal management will see total borrowings lower each and every year over the forward estimates, compared with those forecast by the previous government in the 2014-15 budget.

After factoring in revenue write-downs and critically needed funding for health and education, and even on the LNP's preferred measure of non-financial public sector debt, the 2015-16 budget papers show that total borrowings will be \$2.673 billion less by the end of this term of government than they were forecast on 18 December by the member for Clayfield.

I would like to thank the committee for its comprehensive consideration of the bills and the *Consolidated Fund financial report 2014-15*. The introduction of the bills at the same time as the release of the Consolidated Fund financial report allows for the timely consideration of unforeseen expenditure by parliament and the committee. The Consolidated Fund financial report contains explanations of all unforeseen expenditure incurred by departments. This information supports parliament's understanding and debate of the bills.

The Appropriation Bill (No. 2) 2015 also amends section 71 of the Financial Accountability Act 2009. This section allowed departments to borrow, with the Treasurer's approval, from Queensland Treasury Corporation. Following a review of its operations, a decision was made, in agreement with Queensland Treasury, that QTC no longer provide their leasing business. As leasing is a form of borrowing, an amendment is required to section 71 to remove the requirement that borrowings can be sought only from QTC so that a department has the ability to enter into a lease arrangement with the private sector. It is important to note that the Treasurer's approval is still required before any borrowings can be entered into. All traditional borrowings will continue to occur with QTC except in exceptional circumstances and only with the Treasurer's approval.

Before I wrap up I would say that there is another component to the unforeseen expenditure side and one that seems to be an anomaly to those who are not necessarily aware. If the 2015 election had resulted in a different outcome, we would have seen the biggest degree of unforeseen expenditure in Queensland's history if the \$37 billion worth of assets had been sold, because that would have appeared on the books as an unforeseen expenditure. I certainly commend the bills to the House and again thank the committee for its work in perusing this legislation.