Speech By

Hon. Curtis Pitt

MEMBER FOR MULGRAVE

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

Second Reading (Cognate Debate)

Hon. CW PITT (Mulgrave—ALP) (Treasurer and Minister for Trade and Investment) (4.46 pm): I move—

That the bills be now read a second time.

I would like thank the Finance and Administration Committee for its report, tabled on 11 October 2017, regarding the Appropriation Bill (No. 2) 2017 and the Appropriation (Parliament) Bill (No. 2) 2017. I am pleased to note that the committee supports the bills and recommends that they be passed.

The purpose of these bills, as I have mentioned previously, is to provide for supplementary appropriation for unforeseen expenditure that occurred in the 2016-17 financial year. Unforeseen expenditure is the term used to describe payments from the Consolidated Fund for departments which is above the amount approved at budget time. Although called 'expenditure', unforeseen expenditure can also relate to the additional appropriation provided to Treasury for the repayment of debt.

The Appropriation Bill (No. 2) 2017 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by five departments in the 2016-17 financial year of $2.270 billion. Approximately 47 per cent of this total unforeseen expenditure was incurred by Queensland Treasury and was primarily related to debt repayment. The fact that the government has been able to make this additional pay-down of the state's debt is an example of our prudent fiscal management.

A $1.032 billion extra repayment of general government debt was possible through increased royalty revenue associated with the spike in coal prices in late 2016. This is indicative of a government with prudent financial management. When an unexpected revenue spike came in, this government did not squander it; we responsibly paid down debt. Further, this reduction in debt provided the capacity to fund additional capital projects across the forward estimates in the 2017-18 budget.

The additional pay-down of debt is emblematic of this government's fiscal responsibility. The government's debt action plan focuses on better balance sheet management to reduce general government sector debt. This improvement in balance sheet management has contributed to significant improvements in the state's debt position. The benefits are particularly evident in terms of the general government sector debt-to-revenue ratio which, at 60 per cent for 2017-18, is significantly lower than the peak of 91 per cent in 2012-13. The debt action plan initiatives mean that general government sector debt is estimated to be $33.758 billion in 2017-18. This is $9.347 billion lower than the peak in 2014-15 of $43.105 billion.

Mr DEPUTY SPEAKER (Mr Millar): Order! Audible noise levels are a little high. If members have to have a conversation, please take it outside.

Mr PITT: The 2017-18 budget shows that general government borrowings are estimated to be $14.3 billion lower at 30 June 2017 than had been forecast in the previous government's 2014-15 budget. To put this into context, raising an additional $14.3 billion of payroll tax over three years would have required the payroll tax rate to more than double from 4.75 per cent to around 10.8 per cent. Alternatively, $14.3 billion equates to almost one-third of the state's total expenditure on health services over the past three years. This improvement in the general government sector debt position is a stark improvement on the debt management of the previous government. Under the Newman-Nicholls government's three budgets, general government sector debt increased by $13.6 billion in the three financial years to 2014-15. All of the debt reduction under the Palaszczuk government was achieved without selling any of Queensland's income-generating assets. It was achieved without increasing taxes on Queenslanders or reducing services.

A significant portion of the unforeseen expenditure—approximately 38 per cent of the overall unforeseen expenditure—was incurred by the Department of Energy and Water Supply. This was primarily related to the Powering Queensland Plan and Energy Queensland community service obligation under the uniform tariff policy. The Palaszczuk government is investing $1.16 billion in the Powering Queensland Plan to ensure an affordable, secure and sustainable energy supply for Queensland homes, businesses and industry. As part of the plan, we are investing $771 million to reduce network charges until at least 2020, reducing the 2017-18 increase for the typical regional Queensland household from 7.1 per cent to 3.3 per cent and for a typical small business from 8.2 per cent to 4.1 per cent. The plan also includes a number of measures to put downward pressure on wholesale prices, including returning Swanbank E to service, directing Stanwell to alter its bidding strategies and investigating the restructure of government owned generators. We have already seen the benefits of our initial actions, with forward wholesale prices in Queensland for the 2018 calendar year reducing by over 10 per cent. This follows our direction to Energy Queensland to not appeal the regulator's decision, potentially saving Queenslanders billions.

The other significant portion of unforeseen expenditure—approximately 13 per cent of the overall unforeseen expenditure—was $300 million for the Department of Infrastructure, Local Government and Planning. This funding mainly relates to increased funding for the Works for Queensland program, the Indigenous water and wastewater infrastructure program, the Cross River Rail Delivery Authority and the Commonwealth government bringing forward its 2017-18 funding for grants and disaster relief funding.

The Appropriation (Parliament) Bill (No. 2) 2017 seeks parliamentary approval of supplementary appropriation for unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service in the 2016-17 financial year of $2.411 million. The unforeseen expenditure primarily relates to additional funding for the Coal Workers' Pneumoconiosis Select Committee and increases in salaries for members of parliament following the Queensland Independent Remuneration Tribunal's determination in August 2016 and additional funding to upgrade lifts in the parliamentary Annexe and to upgrade the parliamentary IT systems, including the broadcast of proceedings and members' video on demand.

The occurrence of unforeseen expenditure and the preparation of supplementary appropriation bills is standard practice each year. The amount of unforeseen expenditure in 2016-17 represents 4.76 per cent of the 2016-17 budgeted appropriation, a share which remains below the average of the past decade. It should also be noted that this level of unforeseen expenditure has occurred within the context of 2016-17, representing the largest operating surplus since 2005-06. The *Consolidated Fund Financial Report 2016-17*, which was tabled at the same time as the introduction of these bills, contains explanations of all unforeseen expenditure incurred by departments and the information supports parliament's understanding and debate of these bills. This bill continues Labor's record of responsible fiscal management which has delivered lower debt, higher growth and more jobs. I am proud to have delivered three surplus budgets, and this bill continues our strong record of economic and fiscal management. I commend the bills to the House.