Speech By
Peter Russo

MEMBER FOR SUNNYBANK

Record of Proceedings, 12 October 2017

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

Mr RUSSO (Sunnybank—ALP) (5.08 pm): I rise to speak in favour of the Appropriation Bill (No. 2) 2017 and the Appropriation (Parliament) Bill (No. 2) 2017, which provide for supplementary appropriation for unforeseen expenditure that occurred in the 2016-17 financial year. Under section 23 of the Financial Accountability Act 2009, the Treasurer must prepare a Consolidated Fund Financial Report containing details of transactions of the Consolidated Fund. This includes appropriations paid to each agency and adjustments approved to annual appropriations via appropriation bills introduced annually with the budget. Appropriation adjustments may relate to machinery-of-government transfers, transfers between headings within an agency, lapsed appropriation or unforeseen expenditure.

The Consolidated Fund Financial Report also contains explanations for appropriate adjustments. Unforeseen expenditure amounts for each department, as reported in the Consolidated Fund Financial Report, must be approved by parliament as supplementary appropriation. Explanations for unforeseen expenditure provided in the Consolidated Fund Financial Report assist parliament's scrutiny of supplementary appropriate requirements.

Each agency provides detailed explanations of appropriation movements for transfers between agencies, transfers between headings, lapses and unforeseen expenditure across departmental services, equity adjustments and administered items. These are published as explanatory notes to the statement of appropriations in the Consolidated Fund Financial Report. It is important to recognise that unforeseen expenditure does not equate with overspending. Unforeseen expenditure may arise for a variety of reasons, including, for example, that a department may need additional appropriation to respond to emergent issues, implement government policy or due to a change in timing of Commonwealth payments. It can also relate to additional repayments of debt.

The Appropriation Bill (No. 2) 2017 seeks appropriation for expenses across five departments totalling $2.270 billion. Of this total, $1.068 billion, or 47 per cent, was incurred by Queensland Treasury. Of this amount, $1.032 billion went to repayment of general government debt primarily resulting from increased royalty revenue associated with the spike in coal prices in late 2016. Thus, almost half of the unforeseen expenditure relates to debt payment rather than additional spending. At the conclusion of my contribution I intend to explain further the responsible fiscal arrangements that the Palaszczuk government and the Treasurer have undertaken. Further, it should be noted that 2016-17 represents the largest operating surplus since 2005-06. $31 million was additional funding for the First Home Owners' Grant Scheme due to a higher than budgeted for grant when it was raised from $15,000 to $20,000 per claim as a measure in the 2016-17 budget.

The unforeseen expenditure incurred by other departments relates to $853.777 million for the Department of Energy and Water Supply, which mainly relates to the Powering Queensland Plan, new Commonwealth funding for the National Water Infrastructure Development Fund and the Nullinga Dam Feasibility Study, new state funding for the Regional Business Support Package and the Digital Electricity Meters for Low Income Regional Residents Project and funding for the Energy Queensland

Community Service Obligation under the Uniform Tariff Policy; $299.679 million for the Department of Infrastructure, Local Government and Planning, which mainly relates to increased funding for the Works for Queensland program, Indigenous water and wastewater infrastructure program and Cross River Rail Delivery Authority and the Commonwealth government bringing forward 2017-18 funding for grants and disaster relief funding; $48.613 million for the Department of Housing and Public Works, which mainly relates to timing adjustments for the transfer to the Consolidated Fund of the net proceeds from the sale of surplus non-residential government properties; and $0.026 million for the Office of the Inspector-General of Emergency Management, which relates to increased rental costs.

The Appropriation (Parliament) Bill (No. 2) 2017 seeks approval of appropriation for unforeseen expenditure incurred by the Legislative Assembly and Parliamentary Service in 2016-17 of $2.411 million. The above unforeseen expenditure relates to additional funding for the Coal Workers' Pneumoconiosis Select Committee, increases in salaries for members of parliament, increased funding to upgrade lifts in the Parliamentary Annexe and the IT systems.

The Consolidated Fund Financial Report also shows $1.180 billion in lapsed appropriation—that is, where the total amount of budgeted appropriate is not paid to a department within, or within two weeks of, the financial year, the unpaid amount is lapsed. As such, funding deferred into a future year, for example, to align funding to the delivery of a project or program, is included as part of lapsed appropriation. There could be any number of reasons for appropriation lapsing or being deferred. For example, delays in capital projects, changes in timing of Commonwealth funding, delays in payments of grants, which can happen for a number of reasons, for example, delays in recipients reaching milestones or services delivered more efficiently. Lapsed appropriation does not mean, from a budget perspective, that the funds are available for reallocation to other initiatives. This can be because, for example, the expenditure has been deferred until the following year because there have been timing delays.

Through the methodical application of the Debt Action Plan, the Palaszczuk government has progressively reduced general government debt. The combined measures of the Debt Action Plan have achieved a significant improvement in our debt position, with general government sector debt estimated to be $33.758 billion in 2017-18. This is $9.347 billion lower than the peak of $43.105 billion in 2014-15. It is also $14.662 billion lower than the forecast for 2017-18 of $48.421 billion at the time of the 2014-15 budget. 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 2017-18 budget balanced sustainable fiscal management with supporting the continuing transition of the Queensland economy to a more diversified base. Indeed, rating agencies have recently recognised this position, affirming Queensland's credit rating. On 20 April 2017, Moody's affirmed the state's Aa1 rating and revised the outlook from negative to stable. The negative outlook had been in place since November 2012. On 30 August 2017 Fitch Ratings confirmed the state's AA rating and revised the outlook from stable to positive. Under the Palaszczuk government there has been a significant improvement of Queensland's credit position. I commend the bills to the House.