



Cost of Living and Economics Committee

Report No. 2, 57th Parliament

Subordinate legislation tabled between 15 November 2023 and 28 November 2023

1 Aim of this report

This report summarises the findings of the Cost of Living and Economics Committee (committee) following our examination of the subordinate legislation within our portfolio areas tabled between 15 November 2023 and 28 November 2023.

It reports on any identified issues relating to the policy to be given effect by the legislation, its consistency with fundamental legislative principles,¹ its compatibility with human rights,² and its lawfulness.³

It also reports on the compliance of the explanatory notes with the *Legislative Standards Act 1992* (LSA).⁴

2 Subordinate legislation examined

No.	Subordinate legislation	Date tabled	Disallowance date*
169	Statutory Bodies Financial Arrangements Regulation 2023	28 November 2023	18 April 2024

*The disallowance date is 14 sitting days after the tabling date. (See section 50 of the *Statutory Instruments Act 1992*.) Disallowance dates are based on proposed sitting dates as advised by the Leader of the House. These dates are subject to change.

3 Committee consideration of the subordinate legislation

No issues were identified with the policy, consistency with fundamental legislative principles, lawfulness, or compatibility with human rights of the Statutory Bodies Financial Arrangements Regulation 2023. The committee was satisfied that the explanatory notes tabled with the subordinate legislation comply with part 4 of the LSA.

The human rights certificate tabled with the subordinate legislation provides a sufficient level of information to facilitate understanding of the subordinate legislation in relation to its compatibility with human rights.

4 Statutory Bodies Financial Arrangements Regulation 2023

The Statutory Bodies Financial Arrangements Amendment Regulation 2023 (SL No. 169) amends the Statutory Bodies Financial Arrangements Regulation 2019 to:

- update the list of prescribed investment arrangements for the category 2 investment power set out in section 45 of the *Statutory Bodies Financial Arrangements Act 1982* (the Act), removing

¹ Fundamental legislative principles are the principles relating to legislation that underlie a parliamentary democracy based on the rule of law. These principles include requiring that legislation has sufficient regard to the rights and liberties of individuals and the institution of Parliament. See *Legislative Standards Act 1992* (LSA), s 4.

² *Human Rights Act 2019* (HRA), s 8.

³ *Parliament of Queensland Act 2001*, s 93.

⁴ LSA, pt 4 (s 24).

one existing investment product that is now closed, and updating two investment products that have been renamed⁵

- update the list of prescribed statutory bodies that may enter into derivative transactions under section 53 of the Act to remove an abolished statutory body and add 24 additional approved statutory bodies, including the Brisbane Organising Committee for the 2032 Olympic and Paralympic Games, several local councils, and all 16 Hospital and Health Services.⁶

The explanatory notes emphasised that it is not mandatory for the prescribed statutory bodies to use the prescribed investment arrangements and derivative transactions.⁷ The committee sought further information about the newly prescribed statutory bodies being provided with the power to invest in derivatives. The response from Queensland Treasury can be found in Attachment A.

4.1 Consistency with fundamental legislative principles

As noted above, no issues of fundamental legislative principle were identified.

4.2 Explanatory notes

The explanatory notes comply with part 4 of the LSA.

4.3 Compatibility with human rights

The committee is satisfied that SL No. 169 is compatible with human rights.

5 Recommendation

The committee recommends that the House notes this report.



Linus Power MP

Chair

March 2024

Cost of Living and Economics Committee

Chair	Mr Linus Power MP, Member for Logan
Deputy Chair	Mr Ray Stevens MP, Member for Mermaid Beach
Members	Ms Amanda Camm MP, Member for Whitsunday
	Mr Michael Crandon MP, Member for Coomera
	Mrs Melissa McMahon MP, Member for Macalister
	Mr Adrian Tantari MP, Member for Hervey Bay

⁵ SL No. 169, explanatory notes, p 1; SL No. 169, s 3.

⁶ SL No. 169, explanatory notes, pp 1-2; SL No. 169, s 4. Note – for clarity, the Gold Coast City Council, which was previously prescribed, is relisted.

⁷ Explanatory notes, p 2.



Queensland Treasury

Our Ref: 01008-2024
Your Ref: A1247334

Mr Linus Power
Chair
Cost of Living and Economics Committee
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Dear Mr Power

Thank you for your letter of 5 March 2024 about the Statutory Bodies Financial Arrangements Amendment Regulation 2023.

I can advise the Cost of Living and Economics Committee, the use of derivatives is closely monitored and managed by Government given the inherent risks associated with them. Proper usage of derivatives can be of great benefit when used for risk management purposes, for example, by reducing exposure risk to price movements in foreign exchange rates. Reflecting these considerations, Queensland Treasury has implemented rigorous requirements around the use of derivative transactions.

Pursuant to section 53 of the *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act), a statutory body may only enter a derivative transaction if:

- it is prescribed under a regulation to do so, and
- it has received Treasurer's approval to enter into the derivative transaction.

Further, section 54 of the SBFA Act provides statutory bodies may only enter into the derivative transaction if they do so to hedge against a risk to which the body is or will be exposed.

Schedule 8 of the *Statutory Bodies Financial Arrangements Regulation 2019* (SBFA Regulation) prescribes the statutory bodies that may enter into derivative transactions. The Governor in Council may make regulations under the SBFA Act (per section 78).

Regarding the recent amendments to the SBFA Regulation, the relevant entities made requests through their administering departments to be prescribed under Schedule 8 of the SBFA Regulation. Following consultation with the administering departments and Queensland Treasury Corporation (QTC), Queensland Treasury considered it appropriate to amend the SBFA Regulation to include these statutory bodies.

The statutory bodies recently prescribed to enter into derivative transactions included five local governments which now enables these councils to manage potential foreign exchange risks when transacting in goods and services primarily manufactured or sourced overseas.

Similarly, the Hospital and Health Services and the Council of the Queensland Institute of Medical Research were prescribed for the purposes of hedging foreign currency exposures. Health entities often order expensive medical equipment and supplies from overseas in advance of the transaction and delivery date, which gives rise to the need to reduce the risk of adverse exchange rate movements.

Resources Safety and Health Queensland was also prescribed to allow it to hedge and mitigate foreign exchange currency differences when transacting with overseas suppliers, providing budget certainty and reducing fiscal risk.

If you require any further information, please contact Mr William Ryan, Head of Fiscal, Queensland Treasury, on [REDACTED] or [REDACTED], who will be pleased to assist.

Yours sincerely



Michael Carey
Under Treasurer

14 / 3 / 2024