

Appropriation Bill (No. 2) 2015

Explanatory Notes

Short title

The short title of the Bill is the *Appropriation Bill (No. 2) 2015*.

Policy objectives and the reasons for them

This Bill provides for supplementary appropriation for unforeseen expenditure that occurred in the 2014-15 financial year.

On the recommendation of the Treasurer, the Governor in Council authorised unforeseen expenditure that occurred in the 2014-15 financial year, that is, expenditure from the Consolidated Fund in excess of the amount provided by the *Appropriation Act 2014*, in accordance with section 35 of the *Financial Accountability Act 2009*. Payments from the Consolidated Fund, including unforeseen expenditure, must be formally authorised under an Act of Parliament in accordance with section 66 of the *Constitution of Queensland 2001*.

Timely consideration of unforeseen expenditure enhances transparency and accountability of Government expenditure. As such, supplementary appropriation is sought via a separate Appropriation Bill as soon as possible after the end of the financial year rather than combined with the annual Appropriation Bills introduced next year at Budget time.

The supplementary appropriation sought is based on the Consolidated Fund Financial Report, noting unforeseen expenditure to be appropriated, which has been prepared by the Treasurer and reported on by the Auditor-General in accordance with section 23 of the *Financial Accountability Act 2009* (FA Act).

Explanations of unforeseen expenditure requirements by department have been provided as part of the 2014-15 Consolidated Fund Financial Report.

Section 71 of the FA Act is to be amended so that for the purpose of entering into finance leases or other arrangements which constitute a borrowing, departments are not limited to borrowing from the Queensland Treasury Corporation (QTC), noting that the Treasurer's approval will continue to be required prior to any such transaction occurring.

To achieve this objective it is proposed section 71 of the FA Act be amended to provide that departments can only borrow with the Treasurer's approval and remove specific reference to QTC.

Achievement of policy objectives

The policy objectives of the Bill in relation to supplementary appropriation for unforeseen expenditure are achieved as payments from the Consolidated Fund, including unforeseen expenditure, must be formally authorised under an Act of Parliament in accordance with section 66 of the *Constitution of Queensland 2001*. The Bill provides the appropriation authorisation for unforeseen expenditure.

The policy objectives of the Bill in relation to the amendment of section 71 of the FA Act are achieved by amending the section so that departments can borrow with the Treasurer's approval and remove specific reference to QTC. The *Financial Accountability Handbook* (which departments are legally required to have regard to and which provides guidance to departments in discharging the requirements of the FA Act) will clearly state the intention that the borrowing of funds (i.e. traditional borrowings) will continue to occur with QTC except in exceptional circumstances and only with the Treasurer's approval. Departments, with the Treasurer's approval, can engage with parties other than QTC for the purpose of obtaining a finance lease or entering into any other financial arrangement which constitutes a borrowing such as entering into a public private partnership arrangement.

Alternative ways of achieving policy objectives

The policy objectives can only be achieved by legislation.

Estimated cost for government implementation

There are no additional administrative costs in implementing the Bill as it seeks Parliamentary approval for expenditure incurred in the 2014-15 financial year.

There are unlikely to be any financial implications for implementing the requirements of the Bill in relation to the FA Act amendment.

Consistency with fundamental legislative principles

The Bill is consistent with fundamental legislative principles.

Consultation

Consultation has been undertaken with departments in establishing the appropriation payable to them pursuant to this Bill.

The Queensland Audit Office (QAO) has been consulted on the amendment to section 71 of the FA Act to provide that departments can borrow with the Treasurer's approval and remove the specific reference to Queensland Treasury Corporation. The QAO raised no objection in relation to the amendment to section 71 of the FA Act.

Consistency with legislation of other jurisdictions

The Bill, in relation to the supplementary appropriation, is specific to the State of Queensland, and is not complementary to legislation of the Commonwealth or another state.

The amendment to the FA Act is administrative in nature and relates to the internal management of Queensland's public sector. As a result the amendment to the FA Act is not substantially uniform or complementary to legislation of the Commonwealth or another state.

Notes on provisions

Clause 1 provides for the short title of the Act.

Clause 2(1) authorises the Treasurer to pay \$9,110,000 from the consolidated fund for departments as stated in Schedule 1, for the financial year starting 1 July 2014.

Clause 2(2) provides that for each department, the total amount mentioned in Schedule 1 is appropriated for the department for application to its departmental services, administered items and equity adjustment for the year as stated in the Schedule.

Clause 3 provides that the part amends the *Financial Accountability Act 2009*.

Clause 4 amends section 71 of the *Financial Accountability Act 2009* so that departments can borrow with the Treasurer's approval and remove specific reference to Queensland Treasury Corporation.