



## Appropriation (Health Super-Growth Fund) Bill.

### Second Reading

**Mr CRAIG KNOWLES** (Macquarie Fields—Minister for Infrastructure and Planning, and Minister for Natural Resources) [7.39 p.m.]: I move:

That this bill be now read a second time.

The practice of seeking approval for supplementary appropriations to cover payments not provided for in the annual Appropriation Act has now become entrenched. The Government, in presenting further appropriation bills, has sought, as far as possible, to ensure that the Parliament has the opportunity to scrutinise anticipated additional funding requirements prior to expenditures being incurred. On 5 October 2003 the Government announced that the budget result for the 2002-03 financial year was a surplus of \$619 million. This gave us a result \$420 million higher than expected at budget time. The major factors behind the improved budget result were improved profit forecasts from Governmental businesses, yielding higher dividends and tax payments of \$128 million; additional stamp duty of \$125 million due to the continuing strong property market; higher than expected investment earnings of \$89 million; and a \$66 million reduction in the liability assumed by the Government relating to the collapse of HIH.

Although tabled in June 2003, the budget was predicated on forecasts and estimates established some time before that. As a result, the budget projections were framed in an environment where investment returns were lower and the property market appeared to be cooling. The Government has announced that the additional \$420 million surplus will be deposited in the new Health Super-Growth Fund and that the interest earned, some \$78 million over four years, will be spent on urgent health capital works. This extra spending will see the health capital works program increase to more than \$2 billion between now and mid 2007.

Our greatest funding challenge will always be to meet the day-to-day costs of running our hospitals. Health costs rise 8 per cent every year: an unremitting demand on the public purse, driven, as we all know, by the ageing population and the advent of new medical technologies. A responsible government makes sure it finds the revenue to meet those costs, keeping our hospitals world-class into the future. With our levy on the poker machine profits of the richer clubs, we have done just that. In addition to the initial \$420 million deposit, every cent of the increased poker machine taxes will be allocated to the Health Super-Growth Fund. Poker machine taxes increase from September 2004 and are expected to raise an extra \$46 million in the first year.

The introduction of the Appropriation (Health Super-Growth Fund) Bill in this session enables the Government to seek appropriation of \$420 million for investment with the NSW Treasury Corporation; to deposit the income from the investment into a newly established special deposits account called the Health Super-Growth Fund, which will then be spent on public health capital works and services; to formalise its intention to allocate the increase from the poker machine tax, effected by the 2003-04 budget, to be paid into the Health Super-Growth Fund; and to signal that the annual Appropriation Act for the 2004-05 financial year, and for each subsequent financial year, will include a separate appropriation to the Minister for Health for public health recurrent services, representing the increase in poker machine tax.

The additional funding on health capital will bring forward 14 major projects. They are new linear accelerators for Wollongong and Liverpool; new rural hospitals at Dunedoo, Portland, Guyra, Walcha, Tullamore and Tottenham; the redevelopment of Bathurst, Orange and Bloomfield hospitals; a new primary health centre at Menindee; an upgrade of mental health facilities in Broken Hill; and the construction of Queanbeyan Hospital. The practice of introducing further appropriation bills has enhanced accountability for the expenditure of public moneys from the Consolidated Fund. It is further evidence of the Government's commitment to transparent and full financial reporting to the Parliament and the community. I commend the bill to the House.

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