



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

### Second Reading

**The Hon MICHAEL EGAN** (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [5.27 p.m.]: I move:

That this bill be now read a second time.

In presenting further Appropriation Bills, the Government 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 this year the Government announced that the budget result for the 2002-03 financial year was a surplus \$619 million. This gave us a result of \$420 million higher than expected at the June 2003 budget time. Although tabled in 2003, the budget is predicated on forecasts and estimates established some time before that.

As a result, the budget projections were framed in an environment when investment returns were lower and the property market appeared to be cooling. The Government has announced that the additional \$420 million will be invested and the interest earned will be spent on urgent health capital works through the Health Super-Growth Fund. Given the recent increase in interest rates, Treasury has upgraded the forecast earnings of the Health Super-Growth Fund to \$92.4 million over the next four years.

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. They are 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 that it finds the revenue to meet those costs, keeping our hospitals world class into the future. With an eye on the poker machine profits of the richer clubs, we have done just that.

Poker machine taxes will increase from September 2004 and are expected to raise an extra \$46 million in the first year. Every cent of the increased poker machine taxes will be spent on public health services. The introduction of the Appropriation (Health Super-Growth Fund) Bill 2003 in this session enables the Government, first, to seek appropriation of \$420 million for investment with the New South Wales Treasury Corporation; secondly, 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; and, thirdly, to formalise its intention to appropriate in future annual appropriation Acts the increase from the poker machine tax effected by the 2003-04 budget to the Minister for Health for public health recurrent services.

I should point out that the second reading speech on this bill in the Legislative Assembly contained a minor error. The increase in poker machine tax will be appropriated directly to the Minister for Health and will not—as indicated in the Legislative Assembly—pass through the Health Super-Growth Fund. The additional funding on health capital made possible by the earnings on the \$420 million deposit will bring forward 15 major projects. They are a further \$10 million this year for the redevelopment of Gosford and Wyong hospitals; 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 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 Parliament and the community. I commend the bill to the House.

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