



Appropriation (Budget Variations) Bill.

Second Reading

The Hon. MICHAEL EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [3.04 p.m.]: I move:

That this bill be now read a second time.

I seek leave to have my second reading speech incorporated in *Hansard*.

Leave granted.

The practice of seeking approval for supplementary appropriations to cover payments not provided for in the Annual Appropriation Act has now become entrenched.

This Government, in presenting further Appropriation Bills, has sought, as far as possible to ensure the Parliament has the opportunity to scrutinise anticipated additional funding requirements prior to expenditures being incurred.

However, it is not always possible to seek Parliament's authority in advance for pressing expenditure needs and the Parliament has previously established procedures to provide for this eventuality.

Each year Parliament makes an advance available to the Treasurer to meet unforeseen expenditures. In addition, Section 22 of the Public Finance and Audit Act 1983 enables the Governor to approve of payments to cater for the exigencies of the Government, in anticipation of appropriations by Parliament.

The introduction of the Appropriation (Budget Variations) Bill 2003 in this session enables the Government to:

- Account to the Parliament on how the Advance to the Treasurer has been applied for recurrent and capital expenditure;
- Seek an adjustment of the Advance prior to the end of the financial year;
- Seek appropriation to cover expenditure approved under Section 22 before year end; and
- Seek additional appropriations for payments which are intended to be made in the current financial year, and in respect of which, no provision was made in the annual Appropriation Bill.

The Appropriation (Budget Variations) Bill 2003, in respect of the 2002-2003 financial year seeks:

- appropriations of \$286.267 million in adjustment of the Advance to the Treasurer;
- \$845.273 million for services approved by the Governor under Section 22 of the Public Finance and Audit Act 1983; and
- additional appropriations of \$425 million.

The appropriation required for the Treasurer's Advance is detailed in Schedule 1 annexed to this Bill, along with a full account of how the Advance has been applied this year.

The Treasurer's Advance payment in 2002-03 includes:

- \$50 million for metropolitan rail track maintenance;
- \$27.699 million for per capita grants to Non-Government schools and school cleaning contracts;
- \$12.768 million for drought assistance measures to assist farmers;
- \$11.763 million for an additional 100 caseworkers at the Department of Community Services;
- \$7.25 million for eradicating fire ants; and

- \$4.4 million for Operation Streetsafe aimed at reducing street crime.

The additional appropriation required under Section 22 of the Public Finance and Audit Act 1983 relates to the provision of funds to meet certain expenditures required by the exigencies of Government. This amount includes:

- An appropriation required to fund an additional liability for the Treasury Managed Fund of \$519 million. Due to a change of Accounting Policy, the Treasury Managed Fund is required to account for public liability claims on a "claims incurred" basis as opposed to a "claims made" basis. Therefore, the funding is required to provide for the additional liabilities so the Government can continue with its objective of fully funding the Treasury Managed Fund.
- Appropriations for natural disasters, including \$101.5 million for widespread bushfires, which have swept significant areas of the State. This sum is in addition to the \$16 million allocated for natural disasters in the 2002-2003 Budget, and makes the total cost of fighting bushfires this year \$117.5 million; and
- An appropriation for the across-the-board increase of 6 per cent for nurses under the Public Hospital Nurses Award of \$57.5 million.

An additional appropriation of \$425 million is required:

- To maintain continued full funding of the Treasury Managed Fund Insurance Scheme of \$305 million due to recent negative investment returns resulting from weaker equity markets; and
- To retire debt amounting to \$120 million.

The additional funding of \$305 million provided to the Treasury Managed Fund will have no budget impact as the proposed grant is from the Crown Finance Entity to the Insurance Ministerial Corporation, both of these organisations being General Government agencies.

The Bill also seeks appropriations to adjust certain payments made during the 2001-2002 financial year either from that year's Advance to the Treasurer, or approved in that financial year by the Governor under Section 22 of the Public Finance and Audit Act.

Additional funding in 2001-2002 was provided for the retirement of debt, the First Home Owners Grant Scheme and a contribution to the Treasury Managed Fund. However, the State still achieved a Budget surplus for the year ended 30 June 2002 of \$495 million. This was \$127 million higher than the 2001-02 Budget estimate of \$368 million. Also the State's Net Debt as a per cent of Gross State Product was reduced from 7.7 to 6.2 compared to the previous year.

Each of the payments made in 2001-02 have been included in the audited financial statements of the relevant agencies for that year.

Section 11 of the Bill is new this year. It is the result of the recent government restructure following the State election. The Section validates interim payments by newly restructured government agencies pending the Treasurer making a determination to transfer 2002-03 Budget Appropriations from abolished agencies to the new agencies.

Given that administrative arrangements within restructured agencies will not be completely in place until early August, some financial information for these agencies cannot be provided in the Budget, to be delivered on Tuesday 24 June.

Overall budgets for the agencies will be available on Budget day, but the detailed program statements usually found in Budget paper three will not be published until 26 August.

This will affect twelve of the 75 budget dependent agencies. They are the departments of Urban and Transport Planning, Sustainable Natural Resources, Lands, Commerce, Sport and Recreation, State and Regional Development; the Treasury; the Environment Protection Authority; the National Parks Service; the Transport Co-ordination Authority; the Transport Safety and Reliability Regulator; and the Ministry for Energy and Utilities.

As a result, Budget estimates committees will commence on 28 August. This arrangement will give Members an opportunity to read and analyse this further information before questioning Ministers and departmental staff.

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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