



NSW Legislative Council Hansard Appropriation (Budget Variations) Bill

Extract from NSW Legislative Council Hansard and Papers Wednesday 10 May 2006.

Second Reading

The Hon. MICHAEL COSTA (Treasurer, Minister for Infrastructure, and Minister for the Hunter) [11.09 a.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 Appropriation (Budget Variations) Bill 2006 is a key part of the annual budget process.

The 2005-06 Budget was delivered before the start of this financial year. Throughout the year, the Government becomes aware of the requirement to cater for unforeseen and urgent expenditures that were not forecast at Budget time. This Appropriation (Budget Variations) Bill 2006 ensures that variations to the 2005-06 Budget are appropriated by Parliament.

The Bill ensures that there is a transparent process for examining this expenditure.

And so, the practice of seeking approval for supplementary funding to cover expenditure not provided for in the annual Appropriation Act has now become an important part of the annual budget process. This is a process that has been endorsed by the Auditor-General as well as the Legislative Council's General Purpose Standing Committee No 1 in its report on appropriation processes.

The Parliament is aware that it is not always possible to seek Parliament's authority in advance for unforeseen and urgent expenditure, and has previously established provisions for such situations. This includes the Treasurer's Advance and Section 22 of the *Public Finance and Audit Act 1983*.

The Treasurer's Advance is an amount made available to the Treasurer in the annual Appropriation Act to be used for unforeseen and urgent expenditure. This amount is available for both recurrent services and capital works and services.

In addition, Section 22 of the *Public Finance and Audit Act 1983* allows the Governor to approve expenditure for the exigencies of Government from the Consolidated Fund, in anticipation of appropriation by Parliament.

The Bill has four key features:

Firstly, it provides an account to Parliament on how the Treasurer's Advance has been applied for recurrent and capital expenditure;

Secondly, it seeks an adjustment of the 2005-06 Advance prior to the end of the current financial year;

Thirdly, it seeks appropriations to cover expenditure approved by the Governor under Section 22 of the *Public Finance and Audit Act 1983*; and

Finally, it seeks appropriation for payments which are intended to be made in the current financial year where no provision was made in the annual Appropriation Bill.

Schedule 1 of the Bill covers appropriations for 2005-06, and schedule 2 covers payments made in 2004-05. The payments from 2004-05 have already been brought to account in the agencies' audited financial statements and have no impact on the published Budget result for that year.

The 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.

The Appropriation (Budget Variations) Bill 2006, in respect of the 2005-06 financial year seeks:

_ appropriations of \$206.335 million in adjustment of the Advance to the Treasurer;

_ \$20.237 million for recurrent services approved by the Governor under Section 22 of the *Public Finance and Audit Act 1983*;

- _ appropriation of \$1 billion to reduce the States superannuation liabilities; and
- _ additional appropriation of \$52.033 million for recurrent services.

Schedule 1 of the Bill has a full account of how the Treasurer's Advance has been applied this year.

The Treasurer's Advance payments in 2005-06 highlight the commitment of the Lemma Government to ensuring appropriate services for the community, and includes:

- _ \$36 million for ageing, disability and home care services;
- _ \$31.446 million to the development of Parramatta Justice Precinct on the former Hospital site;
- _ \$27.35 million to Teachers award increases;
- _ \$16.155 million to Police for Information Management and Technology Strategic Plan implementation;
- _ \$15 million for drought assistance programs;
- _ \$13.2 million for timber restructure initiatives;
- _ \$13 million for post and priority action schools program; and
- _ \$5 million to increase elective surgery activity for low-complexity procedures.

The Bill also includes under Section 22 of the *Public Finance and Audit Act 1983* for 2005-06:

- _ \$10.237 million for further drought assistance and in particular NSW contribution to the national Exceptional Circumstances scheme; and
- _ \$10 million for timber restructure initiatives in the Brigalow and Nandewar regions.

The Self Insurance Corporation will provided a return of capital distribution of \$1 billion to the General Government Liability Management Fund in order to reduce the State's unfunded superannuation liabilities. These funds are a result of lower public sector workers compensation and public liability claim costs due to the Government's workers compensation and tort law reform legislation, and higher than expected investment returns. An appropriation is sought for the \$1 billion to be applied to reducing the State's unfunded superannuation liabilities.

Additional appropriations for recurrent services include:

- _ \$17 million for the First Home Owner Grant Scheme;
- _ \$16.433 million to the Department of Health for Immunisation and Pathways Programs; and
- _ \$10.6 million towards training additional police recruits.

The Bill also seeks appropriations for payments made during the 2004-05 financial year approved by the Governor under Section 22 of the *Public Finance and Audit Act*, and reports the payments made under the Treasurer's Advance.

Schedule 2 of the Bill details the funding made in 2004-05 and includes an adjustment to the superannuation guarantee charge payments, additional interest costs on borrowings, additional Department of Corrective Services funding and towards increasing police officer numbers.

Each of the payments made in 2004-05 have been included in the audited financial statements of the relevant agencies for that year.

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.