



## NSW Legislative Assembly Hansard

### Appropriation (Budget Variations) Bill

Extract from NSW Legislative Assembly Hansard and Papers Wednesday 4 May 2005.

#### Second Reading

**Dr ANDREW REFSHAUGE** (Marrickville—Deputy Premier, Treasurer, Minister for State Development, and Minister for Aboriginal Affairs) [7.30 p.m.]: I move:

That this bill be now read a second time.

The Appropriation (Budget Variations) Bill 2005 is a key part of the annual budget process. It ensures that all variations of expenditure from the annual Appropriation Act are reported and submitted for approval to Parliament. Throughout the year the Government is required to cater for unforeseen and urgent expenditures that were not forecast in the annual Appropriation Act that was finalised before the start of the financial year. The bill ensures that there is a transparent process for examining this expenditure. And so, this practice of seeking approval for supplementary appropriations to cover payments 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. 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. To ensure that the Government is able to meet unforeseen expenditure, each year the Parliament makes an advance available to the Treasurer, the Treasurer's Advance. 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 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 additional 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 to the bill covers appropriations for 2004-05, and schedule 2 covers payments made in 2003-04. The payments from 2003-04 have already been brought to account in the agencies' audited financial statements and have no impact on the published budget result for that year. This Government, in presenting further Appropriation Bills, has sought, as far as possible to ensure that Parliament has the opportunity to scrutinise anticipated additional funding requirements prior to expenditure being incurred.

The Appropriation (Budget Variations) Bill 2005 seeks, in respect of the 2004-2005 financial year, appropriations of \$214.059 million in adjustment of the advance to the Treasurer, \$152.907 million for recurrent and capital works and services approved by the Governor under section 22 of the Public Finance and Audit Act 1983, and additional appropriations of \$144 million. Schedule 1 to the bill has a full account of how the Treasurer's Advance has been applied this year. The Treasurer's Advance payments in 2004-05 highlight the commitment the Carr Government has to ensuring appropriate services for the community, and includes \$34 million to the Department of Infrastructure, Planning and Natural Resources, \$33.6 million for ageing, disability and home care services, \$16.346 million to Police for Information Management and Technology Strategic Plan implementation, \$12 million for metropolitan bus services reform, \$8.494 million for the development of Parramatta Justice Precinct on the former Parramatta Hospital site, \$8 million for public road upgrades, and \$7.9 million additional funds for the Adult Training, Learning and Support program and Post School Options program.

The additional appropriations in the bill under section 22 of the Public Finance and Audit Act 1983 for 2004-05 include \$74 million for the Port Macquarie Base Hospital purchase and buy-out of the operating contract, \$39.2 million for the opening of 200 new hospital beds and an elective surgery waiting list reduction program, and \$9 million for drought assistance loans provided under the Special Conservation Scheme. An additional appropriation of \$144 million is sought towards an operating subsidy to Rail Corporation. The bill also seeks appropriations to adjust certain payments made during the 2003-2004 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 2003-2004 was provided for the retirement of debt, additional payment to the Liability

Management Ministerial Corporation to reduce unfunded superannuation liabilities, the teachers 5.5 per cent award increase, and for improved health, education and transport services. Each of the payments made in 2003-04 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.