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NSW Legislative Council Hansard

APPROPRIATION (BUDGET VARIATIONS) BILL

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Second Reading

The Hon. ERIC ROOZENDAAL (Parliamentary Secretary) [3.07 p.m.]: I move:

That this bill be now read a second time.

I seek leave to incorporate the second reading speech in *Hansard*.

Leave granted.

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 the 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 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. It:

1. Firstly, provides an account to Parliament on how the Treasurer's Advance has been applied for recurrent and capital expenditure;
2. Secondly, seeks an adjustment of the Advance prior to the end of the current financial year;
3. Thirdly, seeks appropriations to cover expenditure approved by the Governor under section 22 of the *Public Finance and Audit Act 1983*; and
4. Finally, 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 of 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 the Parliament has the opportunity to scrutinise anticipated additional funding requirements prior to expenditures being incurred.

The Appropriation (Budget Variations) Bill 2005, in respect of the 2004-2005 financial year seeks:

- 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 of 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 buyout 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, Teachers 5.5% award increase and towards 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.

The Hon. GREG PEARCE [3.08 p.m.]: We are again dealing with an Appropriation (Budget Variations) Bill. I note that the newly appointed left-wing Treasurer stated in his speech in the other place that this is now part of the annual budgetary process. To an extent that is true. What is of concern to the Opposition is that the Government in this State has been crying poor and claiming that everybody other than the Treasurer and members of the Government are to blame for the problems in New South Wales, in particular for the running down of infrastructure in New South Wales. This bill is more clear evidence of the Government's inability to manage the New South Wales budget. It is falling into the trap of waste, mismanagement and largesse.

Last year's budget totalled approximately \$38 billion so we must ask why the Government is now seeking approval for additional appropriation of almost \$1.4 billion to cover overruns, unplanned expenses and

budgetary changes. We contend that the Government should have done better: It should not need to ask Parliament for such a large approval. This Government is the highest-taxing government in New South Wales history. It is led by Premier Bob Carr, who never saw a tax he did not like or a tax he could not hike. We have new taxes all the time, notwithstanding the record GST revenues—to use the description adopted by various Ministers—flowing to the Government, which are well in excess of what was expected when the Premier signed the GST intergovernmental deal in 1999. In addition, in the past eight or nine years this Government has benefited from about \$7.2 billion in extra, unbudgeted revenue, which it has squandered because it cannot manage the economy.

When the Treasurer introduced this bill in the other place he said that it provides an account to Parliament on how the Treasurer's Advance had been expended—that is laudable—seeks appropriation to cover expenditure approved by the Governor under section 22 of the Public Finance and Audit Act 1983, and seeks additional appropriation for payments that are intended to be made in the current financial year where no provision was made in the annual Appropriation Bill. The Treasurer went on to list a number of expenditures in relation to various departments, which are quite understandable on first reading and allow the Parliament to scrutinise the Government's expenditure.

However, when the shadow Treasurer, the honourable member for Southern Highlands, Peta Seaton, examined the bill in detail, she discovered the real story behind these budget overruns. The honourable member for Southern Highlands pointed out in her speech in the other place that the new Treasurer had been forced to raid the budget at the last minute in order to pay for \$891 million in additional expenditure incurred by, to use her words, "indulgent Ministers and fat bureaucracies". That brings the total cash raided through appropriation variations bills to fund budget overruns—notwithstanding the extra \$7.2 billion that the Government has received over the years through extra taxation revenue—to \$8.68 billion, or almost \$1 billion in every year since Bob Carr became Premier.

If we ignore the new left-wing Treasurer's speech and examine the bill, we find that some of the expenditure is quite outrageous. For example, brand-new office fit-outs for Frank Sartor's new bureaucracy cost \$532,000. There was a brand-new office fit-out for the Minister for Western Sydney, Diane Beamer. She is no doubt luxuriating in her new office, which cost \$575,000—the total is buried in this Appropriation (Budget Variations) Bill—while the poor 450 former Orange Grove employees and business owners are struggling to survive. But, it is no worries for Di Beamer.

The Hon. Duncan Gay: They can come in and share her office.

The Hon. GREG PEARCE: She has several offices, including the one in Western Sydney that cost \$575,000. New offices and information technology for the Natural Resources Commission cost \$450,000. Some \$1.5 million was spent on improving Minister Della Bosca's organisational capacity in his bureaucracy. That is a beauty. The Minister certainly has plenty of bureaucracy! An extraordinary item was a \$144 million subsidy to State Rail to make sure that the trains did not run on time. Combined with that \$144 million to State Rail, which did not help at all—

The Hon. Duncan Gay: It was to change the on-time running so if you are 15 minutes late you are on time.

The Hon. GREG PEARCE: Yes, I think it must have been. The Government made sure that we knew about it because it also spent \$700,000 on an information campaign about changes to public transport fares. That is another beauty: The Government wanted people to know that they would be paying more to catch a late train, if one arrived at all. All that information is in the detail of this bill. Of course, the Premier likes to dip in when there is some spare money, so he spent an extra \$450,000 on a filing system. I can understand why he needed it because this year the Opposition embarrassed him by exposing the \$3.2 million that he paid last year to Rehome to collate his newspaper clippings. The Premier was embarrassed when we told him repeatedly that he should try to read the newspapers himself instead of wasting \$3.2 million of taxpayers' hard-earned money. When the Premier decided not to renew that contract he needed somewhere to keep the newspaper clippings and photographs of his face, so he spent \$450,000 on a new filing system.

The Hon. Duncan Gay: He'd need that for his broken promises.

The Hon. Peter Primrose: Point of order: I know that The Nationals and the Liberal Party have their differences, but the Deputy Leader of the Opposition keeps interjecting on the Hon. Greg Pearce. I am finding the speech of the Hon. Greg Pearce most amusing. I am enjoying listening to his speech and I ask that he be allowed to deliver it in silence.

The Hon. GREG PEARCE: To the point of order: I appreciate the praise from the Government Whip—members in this place do not often acknowledge that they are enjoying the contributions of those on the other side. The Deputy Leader of the Opposition has much more experience in this place than I. His comments to me are inspirational and instrumental in my making the speech that the Government Whip so enjoys. I ask you to rule against the point of order, Madam Deputy-President.

The DEPUTY-PRESIDENT (The Hon. Kayee Griffin): Order! Long-serving members who are experienced in the standing rules and orders of this House should not need reminding that interjections are disorderly at all times.

The Hon. GREG PEARCE: Thank you, Madam Deputy-President. I believe a person should quit while he is ahead so I accept the fulsome praise from the Government Whip—which I will include in my next newsletter—and conclude my speech.

Reverend the Hon. FRED NILE [3.19 p.m.]: The Christian Democratic Party supports the Appropriation (Budget Variations) Bill. The introduction of such legislation is a regular practice: it occurs each year. This process ensures that all variations of expenditure from the annual Appropriation Act are reported and submitted for approval of the Parliament. Throughout the year the Government is required to cater for unforeseen and urgent expenditures that are not forecast in the annual Appropriation Act that was finalised before the start of the financial year. This procedure is necessary to allow for the efficient operation of government.

The four key features of the bill are: it provides an account to Parliament on how the Treasurer's Advance has been applied for recurrent and capital expenditure; it seeks an adjustment of the advance prior to the end of the current financial year; it seeks appropriations to cover expenditure approved by the Governor under section 22 of the Public Finance and Audit Act 1983; and it seeks additional appropriation for payments that are intended to be made in the current financial year where no provision was made in the annual Appropriation Act. Therefore, it covers a number of important funds allocations.

In relation to the current debate about disability, I note that \$33.6 million has been appropriated for the Department of Ageing, Disability and Home Care Services. An amount of \$16.3 million has been allocated to NSW Police for information management and technology strategic plan implementation. Recently there has been controversy about the operation of buses. I note that \$12 million has been allocated for Sydney metropolitan bus services reform. I hope that will lead to greater co-operation with private bus companies and greater happiness than in the past 12 months in the industry. An allocation of \$8.4 million has been made for the development of the Parramatta justice precinct on the former Parramatta hospital site. For those practical reasons, the Christian Democratic Party is pleased to support the bill.

Motion agreed to.

Bill read a second time and passed through remaining stages.

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