



Appropriation (Budget Variations) Bill.

Second Reading

The Hon. MICHAEL EGAN (Treasurer, Minister for State Development, and Vice-President of the Executive Council) [6.18 p.m.]: I move:

That this bill be now read a second time.

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

Leave granted.

The Appropriation (Budget Variations) Bill 2004 is a key part of the annual budget process.

Essentially it ensures that the Parliament is able to examine changes to expenditure from what is forecast as part of the Budget at the start of the financial year.

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

There are four key parts to the Bill:

1. Firstly, account to Parliament on how the Treasurer's Advance has been applied for recurrent and capital expenditure;
2. Secondly, seek an adjustment of the Advance prior to the end of the current financial year;
3. Thirdly, seek appropriation to cover expenditure approved by the Governor under Section 22 of the *Public Finance and Audit Act 1983*; and
4. Finally, seek additional appropriations 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 2003-04, and schedule 2 covers payments made in 2002-03. The payments from last financial year 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.

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 unforeseen expenses, in anticipation of appropriations by Parliament.

The Appropriation (Budget Variations) Bill 2004, in respect of the 2003-2004 financial year seeks:

- appropriations of \$290.523 million in adjustment of the Advance to the Treasurer;
- \$177.399 million for recurrent and capital works services approved by the Governor under Section 22 of the *Public Finance and Audit Act 1983*; and
- additional appropriations of \$135.3 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 2003-04 highlight the commitment the Carr Government has to ensuring appropriate services for the community, and includes:

- \$60 million for increased disability services;
- \$57.038 million for education.
- \$32.053 million to upgrade Police computer systems;
- \$6.796 million to establish the Independent Transport Safety and Reliability Regulator.

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 that were unforeseen.

This amount includes:

- Appropriations of \$67.780 million for natural disasters, including \$45 million for drought assistance, as well as additional aid required due to the impact from floods, storms and bushfires across significant areas of the State. This is in addition to the \$15 million allocated for natural disasters in the 2003-2004 Budget. It takes the total cost of natural disaster assistance to farmers and businesses this year to \$82.780 million; and
- An appropriation for the across-the-board increase of 3.5 per cent for nurses under the Public Hospital Nurses Award of \$38.5 million.

An additional appropriation of \$135.300 million is required:

- Towards an operating subsidy of \$52 million for the recently established Rail Corporation;
- To fund \$38.3 million for extra police officers;
- \$25 million to meet the increased cost of services to high-needs children in Out-of-Home Care; and
- \$20 million to meet a higher than expected number of First Home Owner Grants.

The Bill also seeks appropriations to adjust certain payments made during the 2002-2003 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 2002-2003 was provided for the retirement of debt, a contribution to the General Government Liability Management Fund and towards improved transport, education and disability services.

Last year Parliament approved of some \$20 million being invested to provide additional funding for hospital and health capital works. Also the State's Net Debt as a per cent of Gross State Product was reduced from 6.5 to 5.1 per cent compared to the previous year.

Each of the payments made in 2002-03 has 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.

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