

## APPROPRIATION (BUDGET VARIATIONS) BILL 2012

PROOF  
13 JUNE 2012

**Bill introduced on motion by Mr Mike Baird, read a first time and printed.**

### **Second Reading**

**Mr MIKE BAIRD** (Manly—Treasurer) [4.00 p.m.]: I move:

That this bill be now read a second time.

The Appropriation (Budget Variations) Bill 2012 has three main objectives: to set out payments from the Treasurer's Advance for recurrent and capital services since the Appropriation Bill 2011; to appropriate amounts from the Consolidated Fund for the exigencies of government under section 22 of the Public Finance and Audit Act 1983; and to appropriate additional funds to provide for a payment to be made during this current financial year where no provision was made in the annual Appropriation Bill. Firstly, the bill sets out recurrent services and capital works and services expended from the Treasurer's Advance to the Treasurer. Each year Parliament makes an advance available to the Treasurer in the budget to meet unforeseen expenditures. This is known as the Treasurer's Advance. This bill gives the Parliament the opportunity to scrutinise the actual payments made under the Treasurer's Advance.

The previous Government's record on using the Treasurer's Advance provides another example of its lack of management of costs in government. In 2007-08 the then Government spent \$493.5 million, 52 per cent more than the \$325 million originally appropriated; in 2008-09 the then Government spent \$565.7 million, 41 per cent more than the \$400 million originally appropriated; in 2009-10 the then Government spent \$628.2 million, 43 per cent more than the \$440 million originally appropriated; and in 2010-11, consistent with eight rather than 12 months under the former Government, spending of \$378.8 million was below the \$440 million originally appropriated.

In contrast to that record, this bill reports that \$93.5 million has been spent in 2011-12 from the Treasurer's Advance against a budget allocation of \$285 million. This demonstrates that there has been a cultural change. The House should note that there has been a cultural change in expense management under the O'Farrell Government. Not only agencies, chief executive officers and directors general but also Ministers have recognised the importance of managing their budgets, and that cultural change has been seen in the way the Treasurer's Advance has been achieved and in the overall expense growth achieved by this Government in its first 12-month budget.

I note that under the Treasurer's Advance this year \$27.6 million was for recurrent expenses and \$65,934,000 was for capital expenditure. Further, of the nearly \$66 million in additional capital expenditure under the Treasurer's Advance \$64 million arises only from the reclassification of recurrent expenditure to capital spending rather than as new spending. Transport for NSW will now invest \$47.2 million as capital expenditure for the inner-west

extension of the light rail, rather than provide this as a capital grant to the previous private sector operator. The Department of Family and Community Services will itself now undertake capital spending worth \$16.7 million for functions transferred from the New South Wales Land and Housing Corporation rather than pay a capital grant to the corporation.

All up, this means that less than \$30 million from the Treasurer's Advance—being the balance of \$2 million in capital expenditure and the \$27.6 million in recurrent expenditure—was solely new spending. This was spent on a range of items which are detailed, including work done by the Crown Solicitor, the establishment of the Local Government Review Panel, redundancy payments for electoral staffers following the 2011 election and various other items. In addition, \$23,145,000 from the Treasurer's Advance was made during 2010-11 which had not previously been reported.

Secondly, the bill appropriates payments totalling \$61.2 million to provide for the exigencies of government during 2011-12. These payments were required to be made in response to natural disasters and to provide relief to those affected by these natural disasters. These amounts were paid by the Treasurer pursuant to section 22 of the Public Finance and Audit Act 1983. Thirdly, the bill appropriates \$800 million additional contributions to State Super before 30 June 2012 to reduce superannuation liabilities. This cash payment funds already incurred superannuation liabilities and does not affect the overall budget result. I commend the bill to the House.

**Debate adjourned on motion by Mr Michael Daley and set down as an order of the day for a future day.**