

**Second Reading**

**The Hon. MATTHEW MASON-COX** (Parliamentary Secretary) [10.16 a.m.], on behalf of the Hon. Greg Pearce: 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. First, the bill sets out recurrent services and capital works and services expended from the Advance to the Treasurer. Each year Parliament makes an advance available to the Treasurer in the budget in order to meet unforeseen expenditures. This is known as the Treasurer's Advance. This bill gives Parliament the opportunity to scrutinise the actual payments made under the advance.

The previous Government's record on using the Treasurer's Advance provides another example of its lax attitude to managing costs. 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. 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 stark contrast to this 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. I seek the leave of the House to incorporate the balance of my second reading speech in *Hansard*.

**Leave granted.**

This demonstrates that there has been a marked cultural change in the NSW government since March 2011. Ministers and their agencies now manage to their budgets, recognising that their budget allocations need to be respected rather than ignored.

The \$93.5 million spent in 2011-12 under the Treasurer's Advance comprises:

- \$27,608,000 for recurrent expenses; and
- \$65,934,000 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.

And the Department of Family and Community Services will itself now undertake capital spending worth \$16.7 million for functions transferred from the NSW 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 spending covers items such as additional work by the Crown Solicitor, the establishment of the independent Local Government Review Panel, redundancy payments for electoral staffers following the 2011 election and various national and local biosecurity responses.

In addition, there is \$23,145,000 from the Treasurer's Advance made during 2010-11 that have 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.

These amounts were paid by the Treasurer pursuant to section 22 of the Public Finance and Audit Act 1983.

Thirdly, the bill appropriates \$800,000,000 additional contribution for payments to State Super before 30 June 2012 to reduce superannuation liabilities.

This cash payment funds already incurred superannuation liabilities and so does not affect the Budget result.

I commend the bill to the House.