

Second Reading Speech

Consolidated Fund Supply Bills

Madam Speaker/Mr President

As members would be aware, given the recent State election, the 2014-15 State Budget will be handed down on 28 August 2014. This change has been necessary to enable the Government to obtain a full understanding of the State's Budget position following the State Election.

In light of the Treasury document the *Report to the Treasurer – Analysis of Budget Risks*, released at the end of April, which highlighted a further reduction in government revenues of \$270 million and the potential impact of a number of significant risks to the Budget and, more recently, the impact of the Australian Government's 2014-15 Budget, this has clearly been a prudent approach.

The timing of the 2014-15 Budget means that it is necessary for a Supply Bill to be passed by Parliament to appropriate funding to agencies so that the Government can continue to provide ongoing services, pending the passage of the new Appropriation Act and the provision of Royal Assent.

Prior to 1999, a Supply Bill was required to be prepared each year as the State's Budget was tabled in August of the financial year to which it related. Generally, the Supply Bill appropriated funding for a period of three months or more.

Since the introduction of a May Budget in 1999, a Supply Bill has only had to be prepared once, in 2006 which was also as a result of a State Election. This is because Section 14A of the Public Account Act 1986 provides the Treasurer with a certain level of capacity to grant supply in any financial year before the passing of an Appropriation Act without the need for a Supply Bill.

Section 14A of the Public Account Act authorises the Treasurer to issue funds to agencies for a period not extending beyond the first two months of a financial year. The amount of funds that may be issued by the Treasurer to a particular agency cannot exceed an amount equivalent to that agency's expenditure for the month of June of the immediately preceding financial year. Given this restriction and the requirement of a number of agencies to make significant additional payments in the first month of the financial year, particularly relating to major grant payments, Section 14A, in practice, can only provide supply for a period of four to six weeks. Given the timing of the State Budget and the receipt of Royal Assent this has been sufficient to provide supply since 2007-08. However, given the fact that the Budget will be tabled on 28 August 2014 and the Appropriation Bills are not expected to receive Royal Assent until October 2014, section 14A would not provide sufficient funding for this extended period.

In accordance with current appropriation conventions, two Supply Bills have been prepared, one to provide funding for the services of the Government and the other to provide funding for the services of the Parliamentary and Statutory Offices.

The Consolidated Fund Supply Bill 2014 (No.1) seeks Parliament's approval for an amount of \$1 458 719 000 for expenditure on recurrent services and works and services.

Expenditure on recurrent services in the 2014 supply period is expected to be approximately \$1 411 619 000. This amount has been based on the level of recurrent expenditure provided in the 2013-14 Budget. These amounts will ensure that existing government activities will continue for a period of up to four months in the new financial year. It is important to note that the Bill provides certain portfolios with funding in excess of, or less than, the amount proportionately required during the supply period. Some adjustments have been necessary to take account of the timing of operational and administrative payments early in the new financial year.

The Consolidated Fund Supply Bill 2014 (No.1) also provides \$47 100 000 for works and services. This will allow the Government's Capital Investment Program to continue into the 2014-15 financial year. No new capital projects have been funded in the Supply Bill. Funding for these projects will be considered as part of the Consolidated Fund Appropriation Bills 2014.

The Bill seeks an appropriation for the Department of State Growth which will be created on 1 July 2014. Pending the presentation of the 2014-15 State Budget, the appropriation sought for the new Department of State Growth reflects fully amalgamated Departments of Infrastructure, Energy and Resources and Economic Development, Tourism and the Arts. The reallocation of funding to reflect the full agency restructure will be included in the 2014-15 State Budget.

The Consolidated Fund Supply Bill 2014 (No. 2) seeks Parliament's approval for an amount of \$10 285 000 for expenditure on recurrent services.

Reserved-by-law items are authorised by acts other than the Consolidated Fund Appropriation Act. Accordingly, they are not included in this bill.

Madam Speaker/ Mr President

The Government is looking forward to the presentation of its first Budget in August this year. The presentation of the 2014-15 Budget Papers, together with the usual parliamentary processes, will provide Honourable Members with the full opportunity to scrutinise the Government's commitments and policies over the 2014-15 Budget and Forward Estimates period. These are very challenging financial times for the Tasmanian Budget and the Government is committed to returning the Budget to a sustainable position while fully implementing its important election commitments.

I commend the Bill to the House.