

## **DRAFT SECOND READING SPEECH**

**HON. PETER GUTWEIN MP**

### ***Consolidated Fund Appropriation (Supplementary Appropriation for 2015-16) Bill 2016***

*\*check Hansard for delivery\**

Madam Speaker

The 2015-16 Revised Estimates Report was released by the Government on 14 February 2016. This report records a modest estimated improvement in the Net Operating Balance for 2015-16 and confirms the 2015-16 Budget expectation that the Net Operating Balance will return to a surplus position in 2016-17 and hold across the Forward Estimates Period. This is three years ahead of the Government's original commitment and will be the first time that a surplus will have been achieved since 2009-10.

The 2015-16 Revised Estimates Report detailed the Budget impact of a number of important new Government policy commitments. As Members would be aware, during 2015 the Parliament endorsed changes to the Budget Responsibility Act 2007 which enshrined new long term financial principles within the legislation. Amongst these principles is the importance of financial transparency and accountability. Given the importance of the new policy initiatives detailed in the 2015-16 Revised Estimates Report, the Government has considered it appropriate that the allocation of the required additional funding be sought through a Supplementary Appropriation Bill.

A Supplementary Appropriation Bill is one mechanism that can be used to provide additional funding in the current financial year for the operations of Government. Such Bills have been regularly used in recent years to provide additional funding to agencies. The amount of funding provided through these Bills has varied considerably from year to year. For example, in 2013-14 an amount of \$92.6 million was provided by Supplementary Appropriation, which reflected pre-election expenditure by the previous Government. In 2012-13 the amount was \$62.9 million. No Supplementary Appropriation Bill was required in 2014-15.

Madam Speaker

The Consolidated Fund Appropriation (Supplementary Appropriation for 2015-16) 2016 Bill seeks to appropriate \$73.5 million.

Additional expenditure committed since the Budget reflects the Government's focus on improving core services of government, including \$4.3 million for the Family Violence Action Plan and a total investment of \$13.5 million for our Affordable Housing Strategy in 2015-16.

I flagged in the 2015-16 Budget Speech that Government had a clear intention to provide additional funding for addressing family violence to implement the recommendations of the Family Violence Action Plan when that work had been completed. The \$4.3 million in this Supplementary Appropriation for the Family Violence Action Plan in 2015-16 represents part of the new funding package of \$25.6 million which the Government has announced to assist in addressing the critical issue of domestic violence over the next four years.. Likewise the \$13.5 million allocated in the 2015-16 Budget to support the implementation of the Government's Affordable Housing Strategy represents the Government's initial commitment to a clear plan of action to improving housing for Tasmanians that need it most.

Madam Speaker

All Tasmanians would be aware of the significant bushfire crisis that the State has faced since the New Year began. Significant resources have been applied by the Government to support our emergency services in taking the action required to protect our homes, businesses, community facilities, families and our valuable natural environment. Not only has the Tasmanian Fire Service, Tasmania Police, the State Emergency Service and the Tasmanian Ambulance Service been involved but we have also called upon significant additional resources. This has included a large range of aerial firefighting resources, interstate firefighters and firefighting equipment and specialist remote area firefighting crews from interstate and New Zealand. All of these resources have been critical to combating the bushfire threat.

As was the case with the Dunalley bushfire crisis of 2013, the priority has been to fight the bushfires. As a result, the gathering of detailed information on the actual costs incurred has taken some time and this is exacerbated in the current situation where significant firefighting action continues at the present time. For these reasons it was not possible to include an estimate of the potential Budget impact of the bushfires in the 2015-16 Revised Estimates Report.

Based on information since provided by the Tasmanian Fire Service it is now estimated that the additional costs associated with the current bushfire crisis are expected to be at least in the order of \$25 million. It should be emphasised again that this is an initial cost estimate only.

Given the priority of some of these costs, I have already approved a \$15 million request for additional funds for this purpose. This Request for Additional Funds will be included in the March Quarter Section 19 return provided to parliament. This Supplementary Appropriation Bill includes the provision of a further \$10 million for this purpose. To the extent that any further funding is required in 2015-16 it will be provided through a further Request for Additional Funds.

The Bill provides additional recurrent funding for a number of other purposes including:

- \$1.3 million to support the Government's Syrian Refugee Response;
- \$10 million to facilitate the transition of the Tasmanian Health Service to an integrated state-wide service model;
- \$1.7 million to support the June 2016 Dark MOFO event;
- \$3.3 million to the Department of State Growth to meet employee separation costs and above budget expenditure; and
- \$1.25 million as part of a grant agreement with Nyrstar for groundwater rehabilitation.

Madam Speaker

The 2015-16 Budget continued the Government's strong commitment to the development of the State's infrastructure with the allocation of \$1.8 billion over a four year period. Infrastructure investment is vital to improvement in the provision of services to the community and to supporting Tasmanian jobs.

In almost all years there are a number of unavoidable delays that occur in regards to capital projects so I requested advice from Treasury as to what that level may be this year.

Rather than simply report on this occurrence once the financial year is over as Governments have done in the past I decided to actively manage and re-profile our capital spending to maintain the momentum that is building in our economy.

Accordingly, in November last year I announced a package of over \$20 million in new and brought forward infrastructure projects to be undertaken in this financial year. This change in funding is not able to be managed by way of a RAF, rather requires a supplementary appropriation, and this program of works is, therefore, reflected in this Supplementary Appropriation Bill.

Specifically, this Supplementary Appropriation Bills provides for additional works and services funding of \$31.6 million in 2015-16.

This includes:

- \$9.5 million in funding for our School upgrade program;
- \$2.5 million brought forward for Prospect High School;
- \$5.1 million in infrastructure funding for the Affordable Housing Strategy;
- \$3.8 million for 14 priority Health and Human Services infrastructure projects;
- \$2 million for the Mary Hutchinson Women's Prison;
- \$3 million for Huon Highway Glendevie Climbing Lanes; and
- \$2 million for the Wrinkler's Lagoon Bridge.

Madam Speaker

The funding detailed in the 2015-16 Supplementary Appropriation Bill reflects the implementation of a number of important government policy commitments and infrastructure projects. Of the \$73.5 million funding to be provided by this Bill, \$60.5 million was reflected in the 2015-16 Revised Estimates Report with the remainder representing costings that have become available since that report was finalised.

It is important to note once again that the 2015-16 Revised Estimates Report confirms that the Budget will return to surplus in 2016-17, three years ahead of the Government's target.

I commend the Bill to the House.