

## **DRAFT SECOND READING SPEECH**

**HON. PETER GUTWEIN MP**

### ***Consolidated Fund Appropriation (Supplementary Appropriation for 2016-17) Bill 2017***

*\*check Hansard for delivery\**

Madam Speaker

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 recent bills has varied considerably from year to year. In 2015-16 an amount of \$73.5 million was provided by Supplementary Appropriation, while in 2014-15, no Supplementary Appropriation Bill was required. Under the previous Government in 2013-14 the amount was \$92.6 million, which reflected pre-election expenditure by the previous government and in 2012-13 the amount was \$62.9 million.

Madam Speaker

The Consolidated Fund Appropriation (Supplementary Appropriation for 2016-17) Bill 2017 seeks to appropriate \$42.3 million.

As was the case with the 2015-16 Supplementary Appropriation Bill, unfortunately a significant portion of the additional expenditure requiring funding is a consequence of a major natural disaster which hit the State after the 2016-17 Budget had been considered by parliament.

All Tasmanians would be aware of the record-breaking rains which caused widespread flooding across Tasmania in June 2016. Major flooding occurred in the Mersey, Forth, Meander, North Esk, South Esk, Macquarie, Ouse and Derwent Rivers. The speed and severity of the floods tragically resulted in loss of life and caused devastation to large numbers of families, businesses, farmers and local communities. Across Tasmania many groups and individuals worked hard to help with the recovery process and the results of this collaborative effort have been impressive and established a path to a positive recovery.

To assist in this recovery the Government has been required to incur significant additional expenditure. At the present time it is expected that in 2016-17 additional expenditure as a result of the floods will total approximately \$27.4 million. This expenditure includes:

- \$9 million for works to repair damaged infrastructure in our world-class parks and reserves;
- \$10 million in payments to Local Government under natural disaster management arrangements to assist in meeting the costs that they incurred during and after the flood event;
- \$2.8 million in grants paid by the Department of Primary Industries, Parks, Water and the Environment to the community to meet clean-up and other costs;

- \$1.9 million for the Agricultural Land Rehabilitation Scheme by the Government to assist flood-affected landowners and communities to fund projects and services aimed at the rehabilitation of land and stream systems damaged as a result of the floods;
- \$1.6 million as a contribution towards the restoration of access to the Walls of Jerusalem National Park via Mersey Forest Road;
- \$1.1 million reflecting the State's and the Australian Government's contribution to the Beaconsfield Hart Shaft rectification works;
- \$500 000 reflecting Acute Riparian Recovery grants to restore areas of the Mersey-Dasher river system; and
- \$400 000 for a formal independent review of all elements relating to the Flood event.

It is important to note that these costs do not reflect the full costs that are likely to be incurred by the Government as a result of the floods. These costs represent the expected expenditure in the current 2016-17 Budget year. While expenditure continues to be incurred and final figures will vary, it is currently expected that the full cost of the flood to the State Government and Local Government will be in the order of \$58 million.

It is also important to note that some of these costs will be offset by funding received from the Australian Government under the Natural Disaster Relief and Recovery Arrangements or alternatively are able to be claimed under the Government's catastrophe insurance cover. Funding of \$7.7 million has already been committed by the Australian Government in this regard.

Madam Speaker

There are a number of other important additional expenditure items included in this Bill.

As a part of the Government's reform of public sector superannuation, the method by which the operating costs associated with the operation of the five closed defined benefits schemes are funded is changing. Previously, the RBF Board charged Trustee fees directly to the Retirement Benefits Fund, which reduced the balance of the Fund and correspondingly increased the costs to the Government, through the Budget, of meeting the emerging costs of lump sum and pension payments. Under the reforms, these costs will now be directly funded by way of an annual appropriation through the Department of Treasury and Finance and transparency will be improved because there will be a stand-alone Output for the Department.

With the commencement of the new model from 1 April 2017, there is a need for a supplementary appropriation to provide one-quarter of the annual costs of the schemes' administration, and \$4.2 million has been provided for in the Bill.

Madam Speaker

Whilst Tasmania's overall economic performance has been positive, the improvements have not been evenly spread, with parts of the North and North West not experiencing the same growth as observed in Hobart. For this reason, in 2016 the Government announced the Northern Economic Stimulus Package, which aims to accelerate job creating projects in the

North and North West. This Package leverages the strength in the State Government's balance sheet to stimulate economic activity where it's needed.

The Northern Economic Stimulus Package will support in excess of 800 direct and indirect jobs and support \$100 million in additional State and Local Government infrastructure, as well as \$100 million in private sector investment over 2016-17 and 2017-18. These targeted measures will not only create jobs immediately, but will leave a legacy of improved infrastructure for our schools, in our northern regions and across industries like civil construction and tourism.

As part of this package, additional funding in 2016-17 of \$6 million has been included in this Bill relating to:

- the reallocation of \$5 million in funding from 2017-18 to 2016-17, provided in the 2016-17 Budget, for the construction of 27 units under Tasmania's Affordable Housing Action Plan;
- the reallocation of \$975 000 in funding from 2018-19 to 2016-17 for four school projects provided in the 2016-17 Budget which includes the Riverside Primary School, St Mary's District School, Queechy High School, and East Devonport Primary School; and
- \$90 000 for loan interest rebates to approved Local Government capital projects under the Accelerated Local Government Capital Program.

Madam Speaker

The Accelerated Local Government Capital Program has been particularly important. Under this program to date the Government has approved \$47.3 million in additional borrowings for local government to undertake a wide range of valuable community projects such as the CH Smith Site Redevelopment. The Government is committed to undertaking important projects such as this to support our regional communities.

Madam Speaker

The Bill provides additional recurrent funding for other purposes including:

- \$1.9 million to support the fantastic Dark MOFO event that brings Hobart alive in the middle of winter and brings so many visitors to our State; and
- \$1.8 million to meet the government's responsibilities under the Nature Conservation Act which seeks to protect the flora, fauna and the geological diversity of the State.

Madam Speaker

The funding detailed in the 2016-17 Supplementary Appropriation Bill reflects the implementation of a number of important government policy commitments and infrastructure projects but most significantly reflects the funding of additional costs associated with the June 2016 Flood Event.

As Honourable Members would recall, the 2016-17 Revised Estimates Report was released by the Government on 12 February 2017. This report detailed a significant improvement in the Net Operating Balance over the Budget and Forward Estimates of \$318.3 million. Of the \$41.3 million funding to be provided by this Bill, \$27.1 million reflects policy issues identified in the

2016-17 Revised Estimates Report with the remainder representing funding requirements that have been finalised since the report was prepared.

The significant improvement in the budget position of the State that has been achieved by the Government means that it has created a strong position to be able to increase expenditure on important services to the Tasmanian community and be in a strong position to meet the important additional costs that are detailed in this Bill.

I commend the Bill to the House.