

**TREASURER'S ADVANCE AUTHORISATION BILL 2010**

*Receipt and First Reading*

Bill received from the Assembly; and, on motion by **Hon Helen Morton (Parliamentary Secretary)**, read a first time.

*Second Reading*

**HON HELEN MORTON (East Metropolitan — Parliamentary Secretary)** [10.00 pm]: I move —

That the bill be now read a second time.

The Treasurer's Advance Authorisation Bill 2010 seeks to increase the Treasurer's advance limit for the current financial year to \$1 150 million, an increase of \$680.8 million on the currently approved limit. As members might be aware, the Treasurer's advance allows for supplementary funding of annual appropriations for unforeseen and/or extraordinary events during the financial year, as well as short-term repayable advances to agencies for working capital purposes. The annual Treasurer's advance limit is set automatically by the Financial Management Act 2006, and is calculated as three per cent of the amount appropriated in the previous financial year. For the current financial year, this equates to a Treasurer's advance limit of \$469.2 million. Under the Financial Management Act, if this automatic limit proves insufficient, parliamentary approval for an increased limit must be sought by way of a Treasurer's advance authorisation bill.

The 2009–10 *Government Mid-year Financial Projections Statement*, or midyear review, released in December 2009 flagged the need for an increased Treasurer's advance limit for the 2009–10 financial year. In this regard, government commitments made up to the midyear review cut-off date of 30 November 2009 totalled \$460.6 million, close to the currently approved limit, and included a cash injection for the Department of Health of \$130.5 million; increased first home owners' assistance of \$120 million, due largely to the commonwealth's extension of its first home owner boost arrangements, which was announced after the state's budget was finalised; increased funding of \$72.3 million for the Department of Corrective Services, due mainly to the increased prison muster; increased funding of \$23.2 million for the Department for Child Protection for the reform and expansion of residential care services; an increase in the Department of Environment and Conservation's appropriation of \$20.8 million for the delay in implementing the increased landfill levy; additional funding for police of \$13.7 million, mainly for the police enterprise bargaining agreement; \$10 million for the cost of lead and nickel clean-up in Esperance; and repayable advances of \$15 million.

Since finalisation of the midyear review, the required Treasurer's advance limit for 2009–10 has been revised to \$1 150 million. This higher limit includes the impact of issues that have crystallised since the midyear review, including —

- cost pressures in the order of \$143 million have been identified in the Department of Health. In this regard, health's currently approved expense limit for 2009–10 provides for expense growth of 3.1 per cent over 2008–09, yet actual expense growth in the first six months of 2009–10 has been 6.8 per cent;
- additional first home owners' assistance of \$115 million, reflecting a stronger than initially expected impact of the commonwealth's boost arrangements, and an improving property market more generally;
- cost pressures in the order of \$67 million have been identified in the Department of Education, including pressures from increased student numbers;
- a reclassification of \$60 million in spending from the royalties for regions fund from capital to recurrent;
- costs being incurred in relation to the Oakajee and Kimberley liquefied natural gas developments;
- higher refunds of past years' revenue collections; and
- a \$159 million provision for new decisions or cost pressures that may emerge between now and the end of the financial year, consistent with past practice.

In summary, the major factors driving the need for the higher Treasurer's advance limit sought by this bill are the need to address cost pressures in the key service delivery areas of health, education, and law and order; and increased first home owners' assistance, largely reflecting the impact of the commonwealth's first home owner boost arrangements.

I commend the bill to the house.

Debate adjourned, pursuant to standing orders.