

LEGISLATIVE ASSEMBLY ESTIMATES COMMITTEE A

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Question: Mr Love asked whether the parliamentary secretary could provide the following information in relation to the surplus/deficiency detailed at the bottom of page 456.

- i. How is the surplus that is generated at the end of the year derived?*
- ii. What is the purpose of accumulating a surplus, given that the government is making up the difference.*
- iii. What happens to the surplus – is it folded back into expenditure in the next year or does it accumulate somewhere else.*

Answer:

- i. The surpluses are mainly derived from revenue (such as Emergency Services Levy, Direct Brigade Alarm Fees and Asset Maintenance Fund receipts) that is raised to fund capital expenditure approved as part of the Department's Asset Investment Program (AIP). While this revenue is reported in the income statement, the associated expenditure is not, due to its capital nature. This results in a surplus reported against the income statement as per the Australian Accounting Standards 101 'Presentation of Financial Statements'.
- ii. The revenue which causes a surplus to be reported in the income statement is required as a funding source for AIP initiatives including the replacement and upgrade of buildings, fleet, equipment, information technology systems and Direct Brigade Alarm network infrastructure.
- iii. Through budget processes, decisions are made by government on how the revenue that is raised to fund AIP expenditure will be applied towards individual AIP projects. For the budget outyears, it is common for some of this revenue to remain unallocated. This will initially show as an increase in cash at bank within the printed estimates for those outyears, until such time that it is allocated towards an AIP project during a future budget process.



Hon Stephen Dawson MLC
MINISTER FOR EMERGENCY SERVICES